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NATIONAL MUNICIPAL REVIEW

JANUARY ✦ 1935

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• • • HENRY W. TOLL

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THE LEAGUE'S BUSINESS

New York Legislative Service.—A New York Legislative Service will be issued weekly during the coming legislative session by the National Municipal League in coöperation with the legislative committee of the Citizens Union of New York.

The service will be a digest of legislative information consisting of a one-page review of the events of the week and of detailed summaries under special headings of every bill, not purely sectional in character, introduced during the week. Information as to the sponsorship and history of the bill will be added, and its status reported as it progresses.

In order that the service be non-partisan and impartial no attempt will be made to evaluate bills in the main sections of the service. Under the heading "opinion" organizations will be quoted which have studied and taken official action on certain measures.

The service will be distributed at a nominal cost to business houses, civic groups, institutions and individuals throughout the state.

* * *

A Word of Appreciation.—Appreciation is due the speakers and round table participants on the program of the fortieth annual meeting of the National Municipal League at Pittsburgh who were responsible in large measure for the success of the meeting. But a word also is due the host of members of the League who had sufficient interest and enthusiasm for the work of the organization and the problems under discussion to travel hundreds of miles to be present.

* * *

You and Your Government Broadcasts.—The last three addresses in Series Nine of YOU AND YOUR GOVERNMENT radio programs on "Trends in Government" are as follows:

January 15—"Government Personnel." L. D. Coffman, President, University of Minnesota; Chairman, Commission of Inquiry on Public Service Personnel.

January 22—"Federal Help in Local Refinancing" William Hard, Publicist.

January 29—"Taxation for Prosperity." Colonel Willard Chevalier, Vice-President, McGraw-Hill Publishing Company; Harold S. Buttenheim, Editor, *The American City Magazine.*

Series Ten, entitled "The 44 State Legislatures of 1935," will begin February 5. Copies of the new program may be secured from the League's office. Following are the first speakers with their subjects:

February 5—"The One-House Legislature." Hon. George W. Norris, United States Senator from Nebraska.

February 12—"Government of the People." Hon. John G. Winant, Governor of New Hampshire.

February 19—"Simplification of Local Government." Hon. Seabury C. Mastick, formerly New York State Senator; Howard P. Jones, Secretary, National Municipal League.

HOWARD P. JONES, *Secretary*

Editorial
Comment

January

NATIONAL
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The Grand Canyon of Ignorance

The gap between what the experts know and what they can get the public to accept: wherever problems of governmental reorganization and the professionalization of the public service are discussed, it is this great breach that inevitably becomes the final focus of the conversation. It is perhaps the crux of the democratic dilemma. The experts stand on one side of the yawning grand canyon of ignorance wondering how to reach the other side where even loftier heights may be seen through the haze.

Why, for example, does practice in city management lag behind theory in many cities when it comes to substantial achievement? We can start, we believe, with the assumption that, as Clarence E. Ridley, executive director of the International City Managers' Association, pointed out at the fortieth annual conference of the National Municipal League, "city managers are the keystone of the hope of developing a professionalized administrative service and constitute the one great hope of abolishing the spoils system." Nevertheless, just as we can point to any number of cities where results have outdistanced even the hopes of supporters of city management, we must also recognize there are many places where progress is being made haltingly.

"It is the human equation," in the opinion of City Manager Paul A. Volcker of Teaneck, N. J. "The problem is to bring the public to a point where it will accept what the manager knows should be done and wants to do." And so we return to a recognition of human ignorance as the reason for our trouble. There is only one way in which ignorance can be dispelled and that is through enlightenment and there is only one way in which enlightenment on this subject may be obtained and that is by widespread dissemination of facts and principles that have emerged in the laboratories of democracy during the past quarter of a century.

"Oh, but now you're talking about education," the cynic replies, "and that takes a generation. Be practical!" Yes, we're talking about education but we're talking about education *now*. We're talking about showing the taxpayer why his tax bills are too high, we're talking about showing Mr. Citizen *why* he doesn't get what he wants when he wants it, and we're suggesting that he can do something about it if he will.

Education? Yes. But education *now* to result in *governmental action* next week, next month or next year! This type of education means organization!

Here is no philosophical speculation for leisurely consideration in academic groves. Here is instead a job for citizens to tackle by getting together, and discussing and studying and planning and *doing*. A sound governmental program, based on recognized principles and adapted to local needs, not only can be drafted by groups of citizens in every community in this country—it can actually be carried out. We need a new realization of the power of each person in a democracy; it is a power long capitalized on by political machines. One voter may seem weak and defenceless but two voters are more than twice as strong as one voter and twenty voters with faith and courage and knowledge can win elections!

Along the Governmental Battle Front

If those interested in improving government in America are inclined to feel pessimistic as they look ahead to the mountain they still must climb, a retrospective glance at the year 1934 should do much to cheer them. If there were no more victory than the revolt of citizens of New York City who threw off the yoke of Tammany Hall and established in office a non-partisan administration which may make mistakes, of course, but which nevertheless is substituting non-partisanship for partisanship and honesty of intent for the motive power of corruption, that of itself would be enough. Fusion has finished its first year, and by and large, it has been a good year. But that's another story and there's much more to this one.

Six cities and one county adopted the manager plan during the last year. More significant still, eleven cities where politicians stirred up elections to decide whether to abandon the plan, voted to retain it! At the present time, there are campaigns under way for adoption of the plan in twenty-five cities. More than 110 other cities in 33 states are interested and studying the plan. And interest in the manager plan is a fairly good criteria of the state of citizen interest in better government.

But of all the encouraging signs on the horizon, the progress in the field of county government, that last and well-fortified trench of the old gang, is perhaps of most significance.

Tremendous strides have been made in laying the ground work for future local government reorganization in the period covered by this report.

Douglas County, Nebraska, adopted the county manager plan at the recent November election. The plan is now being considered by more than ten counties in eight states. More than a dozen other counties are taking steps to reorganize their governmental set-up.

In Ohio four out of the eight counties voting this November on the question of creating charter commissions to frame home rule charters under the recently adopted constitutional amendment decided the question affirmatively. All of these commissions will undoubtedly give serious consideration to the county manager form of government. Murray Seasongood, our president, was elected a member of the Hamilton County charter commission, receiving the highest vote of any of the thirty-one candidates.

Perhaps the most unfortunate result of this past election was the failure of Michigan voters to adopt the county home rule amendment submitted to them for approval. Texas voters also failed to pass a constitutional home rule amendment which would have permitted the legislature to combine counties with certain limitations; also another amendment which would have abolished the fee system of compensation for county officers in counties of twenty thousand or more population.

Legislative commissions are studying the question of county reorganization in Connecticut, Illinois, Indiana, New York, North Carolina, Massachusetts, Ohio, and Tennessee, and committees of state-wide organizations in Alabama, Georgia, Maryland, and New Jersey are making studies of their county government with a view to reorganization in their respective states.

There are many other changes of importance which have taken place under our eyes, too numerous to list here. Not the least important is the adoption by the state of Nebraska after a vigorous campaign by Senator Norris of a constitutional amendment providing for a unicameral legislature. For many years, the League has been advocating this modernization of our legislative mechanism. Nebraska is the first state to adopt the recommendation.

The year 1934 was a year of struggle, of depression and renewed hope, of fermentation, of challenge and of newly formed convictions. It was a momentous year from all standpoints but particularly for those concerned with the problem of "making democracy democ."

A Boomerang Hits Omaha Politicians One of the specious arguments most commonly raised against the adoption of the manager plan by its opponents in their frantic search for campaign ammunition, is the charge the plan will establish a "dictator in our city." Fallacious, of course, since the council can fire the manager whenever it pleases. Nevertheless, the argument has frequently made votes for the opposition quarters where the charge was heard but not answered.

Imagine, therefore, the astonishment of politicians in Douglas County, Nebraska, which has just adopted the manager plan by an overwhelming vote, when the Italian wards of Omaha voted enthusiastically for the plan after having seen a widely distributed circular saying "Vote No!—unless you want a dictator in Douglas County!"

* * *

Larger Units for Libraries The general trend toward larger units of administration was emphasized at the Pittsburgh conference in the endorsement by the library round table of a study of each state to determine the type and size of the proper area for library administration. Present areas generally are too small, it was felt, the search being in the direction of a region large enough to give adequate revenue from a reasonable tax levy, but small enough to permit localized supervision and service, according to Ralph Munn, director of the Carnegie Library of Pittsburgh and chairman of the round table.

At first glance, a library service would seem to be in the category of neighborhood services to be best administered in small areas. In that respect it is like public welfare or education. But the range of our vision is expanding. We are beginning to see that small areas curtail opportunity for large social service. They make little services cost much and stand in the way of big services. If the depression had done nothing else than widen our horizons in this respect, it might have been justified as "the ugly toad which yet wears a jewel in its head."

(Continued on Page 56)

HEADLINES

Undismayed by the defeat of their constitutional amendment in the last election, local government enthusiasts in Michigan already are planning to carry on their fourteen-year-old campaign for county reorganization more vigorously than ever. To lack of funds and to public misunderstanding of the issues, the recent adverse vote is attributed, and the Detroit Citizens League advises state-wide money raising and educational campaigns as preliminary to further effort.

* * *

John Elsey Chatterton of Field House, Horncastle, England, completes his sixtieth year of continuous public service, beginning his municipal employment at the age of twelve, and advancing from post to post in the same department ever since. The *Municipal Journal and Public Works Engineer,* London, believes that this is a record, and wants to know if any municipality in the English-speaking world can beat it.

* * *

Ontario establishes a new department of Municipal Affairs with a cabinet minister in charge. Local public works and welfare promotion are to be its focal interests.

* * *

According to the Chicago *Daily News,* if a taxpayer's income is $2,080 a year, or even somewhat less, he will now pay some $480 a year in taxes. Of this amount $120 will be hidden in the rent, $96 in food purchases, $24 in the cost of furniture and other replacement expenses, and not less than $240 in the various other indirect taxes which we pay in the daily course of living.

* * *

Frederic C. Howe, Consumer's Counsel of the United States Department of Agriculture, now advocates milk control and distribution as a necessary municipal function, in addition to the sanitary regulation that cities customarily exercise. He holds that this could be a solution of the problem of getting "more milk to more people at prices they can pay."

* * *

Legislative councils of public officials and legislators, whose function it is to plan comprehensive programs in advance of legislative sessions, are gaining in popularity as the pioneers in this idea prove its worth. Kansas has forwarded the work of its legislatures in this way for two years. Wisconsin and Michigan both have similar bodies. This year Nebraska tries the experiment for the first time. Virginia, among several other states, is considering the same method.

E. M. B.

What 6,620 Legislators Are Thinking About

A reading of the life-lines of 42 legislatures which convene this month

HENRY W. TOLL *Executive Director, American Legislators' Association*

To foresee the matters which will require most of the attention of the 6,620 state legislators gathered this month in forty-two state capitols requires no prophetic power, no magic crystal. It is apparent that taxation and unemployment relief will rate the two top lines on most legislative calendars. Since the states' problem of relief is largely a problem of adequate governmental revenues, we can be assured that the most remarkable rabbit to be drawn from each of the forty-two gilt-topped hats will be labeled, "Taxes". This is a euphemistic way of saying that the word "relief", translated into the legislators' vocabulary, is "taxation".

With the aid of letters from legislators in most of the states, with a file of the recent issues of *State Government* for reference purposes, and with the personal assistance of Mr. David W. Robinson, I have attempted to present in this article an observer's balloon-eye-view of the legislative battle-front.

UNEMPLOYMENT RELIEF

This year the legislators will probably consider the financing of unemployment relief as a permanent problem rather than an emergency issue. The development of this viewpoint over the course of the last four years is noticeable, due perhaps to the largely increased participation by the states in carrying the burden of public relief. The proportion of the total expenditures for this purpose, contributed by the states, increased from 9 per cent ($18,000,000) during the first quarter of 1933, to 33 per cent ($59,000,000) during the corresponding quarter of 1934.

An examination of the sources of state unemployment relief funds shows that in 1931 88 per cent were derived from general revenues; that in 1934, general revenues accounted for only 5 per cent of the total. As general revenue balances were depleted, states began to resort to the sale of bonds and to special sources of tax revenue. The sale of bonds provided 12 per cent of the total relief expenditures in 1931, but provided 80 per cent in 1934—from January through June.

The desirability of more permanent methods of financing has become evident with the realization that many years will elapse before a large portion of the unemployed can be reabsorbed by industry. As this feeling has developed there have been numerous indications that the states are beginning to appreciate the permanence of the problem. Fifteen states have made comprehensive surveys of the organization and administration of their governmental relief agencies. In numerous commonwealths the classification of those on relief, as between the employables and the unemployables, has been utilized for the purpose of allocating expenditures between the federal government and the states. Many states have set up strong unemployment relief commissions or departments of public welfare, as the significance of the problem has been appreciated.

Emergency measures to supply revenues for relief seem destined to be supplanted by comparatively long-term financial plans based upon revenue programs of some permanence and stability.

TAXES

Such programs will, in most cases, involve the uncovering of new sources of state revenues. At the 1935 sessions, almost every one of the twenty-three states which now levy no sales tax will investigate the possibilities of adopting that lucrative revenue producer. The state income tax, which is already being collected in some form in thirty states, is almost sure to be adopted by other legislatures. A considerable number of states will study the advisability of continuing the diversion of gasoline taxes to other uses than roads and highways. Some other states will be contemplating future diversion, whether Senator Hayden and Representative Cartwright give them permission to control their own tax revenues or not.

Local governments are particularly concerned, in many states, with the tax programs to be evolved in the legislative chambers. Particularly in those states where constitutional tax limitations have recently been adopted, the shrinkage in revenues for local governmental units makes state legislation imperative. There will be an extension in the use of state grants-in-aid to minor civil divisions, as general property is displaced by indirect sources of tax revenue for the purposes of local government.

Ohio's harassed legislators have battled through two special sessions and a continuation of the second, after an adjournment of six months, in an effort to compensate for the 30 per cent cut in local government income brought about by the 10-mill property tax limitation. One of the chief disturbing elements in the proposal for a 3 per cent sales tax in the Buckeye State was the allocation feature, which, as originally drawn, provided for distribution of the funds to the counties, and from there to other minor civil divisions on the basis of population and the total tax roll.

In West Virginia, also, the burden of taxation has largely been shifted from general property to other objects of taxation, and the cities, hit squarely by the property tax reduction, are clamoring for more revenue.

One of Florida's recently passed constitutional amendments exempts from taxation homesteads which are valued at less than five thousand dollars. Legislative attention will have to be directed to providing compensatory revenues for counties, cities, towns, and public schools.

When the Arkansas legislature meets on the second Monday in January, it will not only be cramped by the total state budget limitation passed in November, but it will also be forced to deal with a school problem of critically major proportions. Practically every school district in the state has defaulted on bonds, and current revenues are insufficient for maintenance purposes.

STRUCTURE OF LOCAL GOVERNMENT

The January sessions will be filled with proposals relative to the organization and administration of local government.

Colorado's legislators will consider a reorganization of state and county governments, which may possibly bring a consolidation of some counties. In Georgia it is probable that a larger measure of home rule will be permitted cities and counties, in order to relieve the legislature of the tremendous load of purely local legislation which faces it at each session. In Florida another constitutional amendment opens up the question of municipal government by providing for classification of cities and towns according to population.

The legislative program in the Empire State will contain acts designed to facilitate a more economical administration of government in New York City. An amendment relating to the abolition of county government in New York, and the reorganization of local government in the counties outside of New York, was passed at the extraordinary session of the legislature in August. The amendment must be approved again by the incoming legislature before it can be submitted to the people for popular vote.

An extension of state supervision and control seems probable in West Virginia, where the State Tax Commission's authority to approve local budgets will doubtless be further defined and strengthened. There is some possibility of the adoption of municipal home rule legislation in West Virginia.

Thus, in summary, we find the states as a whole still undecided as to whether or not to accept the responsibilities of parenthood in dealing with their judicially-defined offspring. The protective, parental instincts of many legislatures are indicated by the number slated to discuss and decide on problems of county reorganization and of municipal government. The bountiful home rule legislation to be considered in January no less pointedly indicates that some of the states prefer to beget and forget. Or shall we say that they are somewhat disposed to transfer the source of authority from the states to political subdivisions.

LIQUOR LEGISLATION

Repeal of state prohibition, the original enactment of liquor control laws, or revision of such laws now existing will receive attention in no less than twelve states at the January sessions—and probably in twice that number. Existing liquor control acts were hurriedly passed at special legislative sessions in many states, and subsequent observation of the operation of these laws shows them to be in need of substantial alteration.

Florida, Idaho, Maine, Nebraska, West Virginia, and Wyoming have recently repealed prohibitory provisions, and their legislatures will be forced to deal with problems of regulation. The "bone dry" laws of Arkansas and Georgia are due to be replaced by liquor control legislation.

CRIMINAL LAW

The rising tide of interest in criminal law and its enforcement will, in all probability, bring the emergence of many proposals for legislative action. The establishment of a centralized state police force will be considered by the legislators of Georgia, Indiana, New Hampshire, Kansas, Ohio, and other states. In Massachusetts a strenuous but unsuccessful effort was made at the last session to coördinate the efforts of state and local enforcement agencies through the establishment of a centralized administrative authority. The plan proposed supervision of training methods both for recruiting and promoting in the classified service, improved methods of communication by radio and teletype throughout the commonwealth, and centralized control in case of emergencies. The opposition of local departments defeated the measure in 1933, but it is probable that the 1935 legislature will reconsider the bill.

There is ample reason to believe that many states will consider the advisability of establishing state judicial councils, state departments of justice, and state bureaus of identification, investigation and statistics. Reforms in legal and judicial procedure will be suggested. Interstate coöperation in the form of reciprocal laws, uniform laws, and compacts will be proposed in many states, as a means of overcoming the handicaps placed upon criminal law administration by state boundary lines.

STATE REGULATION OF PRIVATE BUSINESS

The governmental control program, to which some branches of private business have ruefully succumbed during the past few years, gives promise of developing still further. The control of milk prices will be a matter of legislative concern in Wisconsin and Massachusetts. The end of state regulatory supervision and control of public utilities has by no means been sighted. The regulation of the oil industry, and especially of its production, will be proposed in Texas. There is positive indication that so-called quasi-public businesses, such as those which I have mentioned above, will not take the veil of socialism, but will rather be wedded to public supervision, with benefit of legislative clergy.

SOCIAL LEGISLATION

"Economic security" is the phrase-of-the-month, and propositions of every hue alleging economic security for the aged and the unemployed will be a source of concern for many a 1935 legislature. There will certainly be an attempt to provide a workable system of unemployment insurance in many states. In Massachusetts an interim committee of the legislature has been studying this subject with particular reference to the comparative merits of unemployment insurance and unemployment reserves. Its report will be before the January session for action. The legislators of Wisconsin, pioneer state in unemployment insurance, contemplate strengthening the provisions of their law—which became effective last July. Twelve other states have had interim commissions investigating the problem and drafting laws for its solution.

Unemployment insurance, old age pensions, mothers' pensions, maximum working hours, collective bargaining, interstate labor compacts—all are on the agenda of various legislatures.

HORIZONS

It is apparent that, quantitatively, the forty-two legislatures meeting this month will be a great success. It is equally apparent that our law-making machinery needs much overhauling if the quality of the work done in these eighty-four legislative chambers is to be substantially improved.

Planning is no less important in the broad field of legislation than it is in any of the administrative agencies which are products of legislation. That the American people are forced to endure the passage of many legislative bills which are poorly conceived and poorly drafted is merely one proof of the lack of adequate planning.

Some methods have been developed and demonstrated by which legislative planning can be more intelligently done. Various states last year established planning boards. Somewhat experimental, most of these boards have been glorified city planning agencies. But some day they will evolve into effective devices for carefully moulding legislative programs.

The law creating the Kansas legislative council became effective in March of 1933, and although an appraisal of the work of this council would be premature, there are positive indications that in any state, a well devised, well operated legislative council would materially promote the cause of intelligent legislation.

In Utah, Tennessee, Oklahoma, and Idaho, the possibilities of effective legislative reference bureaus are under discussion in legislative circles. Obviously every state should have the facilities and services of such a bureau, although they will not achieve their fullest possibilities until they are broadened by an ade-

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Dallas Wins a Place In The Sun

How Dallas citizens fought for good government and are organizing to keep it, is a fascinating story of non-partisan accomplishment

W. D. JONES, M.D. *President, Dallas Citizens Charter Association*

PRIOR to the adoption of the new charter in 1930, effective May 1 of the succeeding year, Dallas had since 1907 been under the mayor-commission form of government. In that period there had been seven mayors and, of course, each mayor had his own board of commissioners. The city was growing at a tremendous pace. It needed every modern facility in ratio, exceeding the increase in its current revenues. With a population jumping on an average of 14,000 to 20,000 a year for the period between 1922 and 1927, the government was confronted with a task far beyond the capacities of the constantly changing administrative direction. Mayors and commissioners were elected for two years each and one group scarcely had got their seats warm before they were supplanted by another and in some cases by an even less efficient government.

The city charter of that time provided that the mayor should make up a budget to be submitted to the board of commissioners on May 1 of each year. Since that was the day that the mayor took office and since, with a single exception, between 1907 and 1930 no mayor had had experience in city government, the result was confusion confounded. The incoming mayor knew nothing about the city's problems, and, generally speaking, he had little help from the outgoing officials. The budget was usually, therefore, finally adopted by the commissioners in August or September after huge overdrafts had been accumulated in carrying on current operations of the government.

These overdrafts rose steadily, constituting a floating debt against the city, which at the end of the fiscal year of 1928 approximated $2,000,000. Delinquent taxes at the time amounted to more than the current overdraft. Large property owners evaded tax payments and favoritism at the city hall permitted many citizens to escape payment of their proper share of the cost of government.

To make a long story short, it was the same old story of inefficiency.

MOVEMENT FOR BETTER GOVERNMENT

The movement for the council-manager form of government was inaugurated at a meeting of less than a dozen men in a downtown hotel. This meeting followed a publication in a local newspaper of a series of articles applying the municipal governmental criteria of Professor W. D. Munro of Harvard University, to the Dallas city government, the writer finding upon analysis that the government was but 54 per cent efficient.

The Citizens Charter Association, growing out of the original meeting of these few citizens, supported a program previously made possible at the instigation of one of their number by the appointment of Mayor R. E. Burt and a committee to draft a new charter. After nearly three years of strife a new charter was voted on by the people, and was adopted by about four to one at the end of 1930, to become effective May 1, 1931.

Spokesmen for the charter association promised the people of Dallas that if they would adopt this new charter, elect a council of nine men, one from each of six major subdivisions of the city and three at large, they might expect betterments in their government. One of the promises made was that a budget system would be installed which would prevent the accumulation of further overdrafts, and that it was reasonable to believe that an annual saving in operating costs of at least $250,000 could be achieved through proper management of the city's business.

MAKEUP OF CHARTER GROUP

The officials of the Citizens Charter Association, up to the adoption of the charter in 1930, were the president, three vice-presidents, and a secretary-treasurer. These officers labored for nearly three years in their effort to overcome the opposition of well seasoned politicians, then in control of our city government, and to secure a vote by the people for a change in our charter—the adoption of the council-manager form of government. The people little suspected what was in store for them in the way of revolutionary municipal administration. The *Municipal Review,* in an article by Louis P. Head soon after the charter adoption, told the story of how and why this outstanding southwestern city changed its form of government.

The Citizens Charter Association felt that our city needed some agency through which we might draft six councilmen for the six districts and three councilmen-at-large, as provided in the charter, and made some changes in its organization to conform with the new charter. It elected a president, six vice-presidents, one from each council district, and a secretary-treasurer. The vice-presidents from the council districts are men with contact in each district. The executive committee, which is composed of not less than a hundred citizens, divided about equally between men and women, is secured as nearly as possible on an equal basis from each council district. The membership is composed of all citizens who are interested in sponsoring good government under the council manager form in Dallas. We add to our executive committee when our meetings begin to show lack of attendance and interest, never dropping any from our membership ourselves. We find that our members drop out in two ways: first, voluntarily, not taking any interest and not attending our meetings, although they are usually interested in our plan and vote with us; second, those who resign, part of them joining our opposition, and the rest dropping out because they are unable to devote the time necessary to attend meetings and do active work.

Our officers are divided into two classes, "war time" officers and "peace time" officers. The war time officers serve from January until June every two years, while our active campaign is on for the election of our councillors. The president, during this time, appoints a committee of fifteen to draft suitable men to be presented to the executive committee to sponsor for councilmen for the next two years. When the campaign is over the executive committee meets on the first Thursday in June and elects the peace time officers who serve nineteen months. The object of this arrangement of officers is to remove the organization from any suspicion of political influence at the city hall. It might be better if our constitution and by-laws were changed so that our peace time officers would serve through the campaign, or the war time officers should be elected at least four months before the selection of candidates, or the beginning of the active campaign. I was elected peace time officer in 1933 and upon assuming responsibility and studying our situation I have concluded that we must take enough interest in public affairs and civic improvement to keep the organization before the people during the interval between active campaigns for the election of the council.

On December 18, 1933, Thomas H. Reed, head of the department of political science of the University of Michigan, addressed the Citizens Charter Association at a luncheon to which the public was invited. He also made a fifteen-minute radio talk on good municipal government and how to secure it. His address was very beneficial both to Dallas and to surrounding cities which had the council manager form of government. These cities were represented at the luncheon by their manager or mayor, and in some instances both. The favorable publicity received from Dr. Reed's visit was well worth the effort of securing him

ACCOMPLISHMENTS

In September 1934 a specific sewerage tax was proposed to create a sinking fund for sewerage bonds, collecting only the amount necessary rather than raising the ad valorem tax and collecting three times the amount needed for the fund. There was considerable sentiment against this tax and without the knowledge of the council or the city manager I appointed a committee of nine to determine the best method of taxation to raise the necessary funds and to report their findings to the association. They made their report and gave the reasons for their decisions, quoting the portions of the city charter dealing with the matter, which showed that the tax was provided for in the charter at the will of the council. This report was so unexpected that it created quite a bit of comment and favorable publicity.

There was the usual hue and cry by the opposition to reform against employment of an out-of-town man as city manager. This, however, was a specific demand of the charter association and as a result of that demand and the election subsequent to the charter adoption of a council unanimously pledged to the charter platform, John N. Edy was installed as Dallas' first city manager on May 1, 1931.

Results obtained under the administration of a business man's council, coupled with the administrative ability of Edy as executive head of the government, have not only astonished the people of Dallas, but ought to serve as a signpost for betterment of municipal government everywhere.

For instance, for the two fiscal years immediately preceding council-manager government there was an operating overdraft of $1,134,761.71. At the end of the third fiscal year under the council-manager form, however, the total cash surplus amounted to $305,782.37. The huge overdraft inherited from the last mayor-commission government was in part absorbed by cash reductions and by amortization of the debt over a period of years with a consequent reduction in the interest rate, enabling the city to restore its treasury to a cash-and-carry basis.

All of this was made possible through good administration during a period of severe economic stress, but on top of all this the council reduced ad valorem tax valuations 15 per cent cutting several hundred thousand dollars off the city's revenues—a step deliberately taken to aid property owners to rehabilitation. It is notable that collections of both current and delinquent taxes for the three and a half years exceeded all previous records, with a maximum delinquency of less than 14 per cent.

Meantime the city modernized the police department, installed radio equipment in about fifty squad cars, halting what had been something of a notorious crime wave.

Many sections of the city were freed of storm water damage by the building of new sewers.

Water department service was materially enlarged with installation of larger mains in many parts of the city.

Health department services were extended with a stricter inspection service and a closer medical and nursing supervision over all aspects of public health.

Garbage collection schedules were practically doubled with a reduction in the cost aggregating approximately 35 per cent.

Fire losses were reduced from a total for three years preceding the council-manager form of government from $4,657,023 to $2,930,795 for the first three years of city management. This record is particularly significant since the depression has brought on in many parts of the country a wave of arson with which we need not deal here.

Now, on the eve of an election to tell the fate of the present city government in Dallas, the charter association is still committed to the principle of non-political municipal administration. It has been necessary for this government to blaze new trails, but we of the charter association believe these trails will lead us to even better government. It has been the cardinal principle of the Citizens Charter Association from the dawn of its inception that its function was not to dictate government or governmental policies, but to provide an agency through which the forward-looking citizens of the community could draft for their service a capable group of men as city councilmen, leaving to the council after its election the duty of choosing a city manager and other administrative heads of the government. In the three and a half years of our experiment some errors have been made, of course, but we feel now that we have as good a system of government and one as efficient and capable as may be found in the United States.

There are many things I have omitted from this story of progress. I might talk at length on the advantages of civil service. I could go into a great deal as to other, but in some degree minor, accomplishments. If these were recited they would merely add to the record of betterment.

Dallas is proud of its government. In two successive tests at the ballot box it has won overwhelmingly. We believe that next April the people will again endorse non-political, non-partisan government, and elect a council proposed by the Citizens Charter Association.

Public health budgets have been reduced by the depression in seventy-seven American cities from 71 to 58 cents or 19 per cent per capita, according to Dr. W. F. Walker of the Commonwealth Fund. The losses in different cities ranged all the way from 3 per cent to 54 per cent. However, Dr. Walker concludes, this does not represent a corresponding loss in efficiency. The pressure for economy has forced many desirable administrative changes.

* * * *

In a recently published volume, "The English Police," E. H. Glover, editor of the London *Police Chronicle* reviews the growth of the British police system during the last century, noting especially the effect on police efforts of the English tendency to reduce the severity of punishments for crime. Summarized, his significant conclusion is that the certainty of a light sentence is a greater deterrent than the off-chance of death.

Party and Government Control at the Grass Roots

Selection of committeemen — although most important task of voter in determining quality of government — receives scant attention

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THE thesis of this paper is that there is inherent relationship between the character of local party committeemen and the administrative character of government in its day-by-day functioning. It is argued that the party committeemen form the base of the governmental pyramid. It is they who select the party leaders; the party leaders with more or less backing from the party committeemen—rather less than more—then select the candidates for the local tickets and later influence elected officials in the conduct of their offices. By the weight of such influence the standard functions of government are partially perverted from their basic purpose, public service, and made the adjunct of the successful political party.

If this analysis is valid, the selection of party committeemen is in the long run much more important in determining the quality of local government than the November elections where the voter registers his choice between the nominees of the several parties.

It may be noted further that the local committees serve as a training ground and a reservoir for the party leaders of the future, leaders who will make their influence felt not alone in the city and county, but also in the state and the nation. They will serve both in the councils of the party and as candidates for those important offices to which the parties have occasion to make nominations from time to time.

According to our diagnosis, therefore, the most fruitful of reforms in government is to see to it that really representative and broad-gauged citizens are drafted as candidates for the position of committeemen and then elected to serve in this important but much neglected position. The validity of this point of view has been subscribed to by a number of men thoroughly acquainted with politics and government. For example, Ex-Governor Lowden, a man whose name stands high on the honor roll of American governors, expressed the belief that a policy leading to the improvement of the personnel of the local committees would prove to be the most constructive proposal for reforming government of which he knew.

Because of what appears to the writer to be the significance of this viewpoint, a survey has just been completed (1) of the extent of voting for committeemen in eighteen selected cities in the state of New York at the primary elections in 1932, and (2) of the character of party committeemen in these same cities. The group covered includes all of the large cities except New York City, as well as a sampling of smaller cities representative both from the point of view of size and location.

EXTENT OF VOTING IN PRIMARIES

In the thought that the selection of committeemen in the primaries may *in the long run* be more important than the votes cast on election day, figures were brought together to show how indifferent most voters are to the importance of the selection of committeemen. This is reflected both in the number of votes cast and in the comparatively limited number of contests. The total party enrollment in seventeen cities[1] for the Democratic and Republican parties in the year 1932 was 659,965 and the total number voting for committeemen was 240,636, i.e., 36 per cent. In eight of the cities: Albany, Geneva, Binghamton, Poughkeepsie, Johnstown, Gloversville, Utica, Rochester, the percentage voting was 20 per cent or less. In two (Geneva and Gloversville) only 6 or 7 per cent found it worth while to vote for committeemen. In the 2,432 election districts contests took place in 815 districts or 33½ per cent. It should be pointed out that since two committeemen are elected, an election was considered contested when three names were on the ballot even though one of the names may have secured only two or three votes, as was frequently the case.

These figures pretty well demonstrate how little interest there is among the voters in being represented where representation counts most. Because of the indifference of the average voter, the local party leader has a free hand in nominating those who are acceptable to him, who will uncritically perpetuate his leadership and uphold his methods and policies.

CHARACTER OF COMMITTEEMEN

Two factors were taken into account in throwing light on the character of party committeemen: (a) previous education, and (b) present callings. Summary figures are brought together below.

A. Education (Table 2)

The survey shows that there was a grand total of 3,999 committeemen with the following educational experience: 2,212 or 55 per cent had not gone beyond the grammar school; 1,320 or 33 per cent had enrolled in high schools; 467 or 12 per cent had had at least some training on the academic level. With regard to the last named group, attention should be called to the fact that two-fifths of the academic group consists of lawyers, not a few of whom engage in politics for the purpose of advancing their own careers. Such ambition, as is well known, prompts them

TABLE 1

VOTES FOR PARTY COMMITTEEMEN IN PRIMARY ELECTIONS

City	Total Major Party Enrollment	No. Voting for Committeemen	Percentage Voting	No. Election Districts	No. Contests
Albany	52,308	10,229	20%	240	2
Cortland	6,843	2,025	30%	24	2
Geneva	5,460	325	6%	18	5
Ithaca	9,127	2,604	29%	34	10
Auburn	15,700	5,047	32%	48	8
Elmira	19,183	3,941	21%	92	36
Binghamton	24,395	4,962	20%	98	8
Syracuse	86,495	23,929	28%	310	162
Buffalo	215,109	137,502	64%	718	415
Poughkeepsie	13,574	1,859	14%	48	2
Yonkers					
Johnstown	3,838	384	10%	20	2
Gloversville	7,606	517	7%	30	4
Saratoga Springs	7,599	1,977	26%	26	14
Glens Falls	9,464	5,465	58%	36	23
Amsterdam	13,481	6,309	47%	42	30
Utica	33,511	6,249	19%	128	44
Rochester	136,272	27,312	20%	520	48
Total	659,965	240,636	36%	2,432	33% 815

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[1] The data for Yonkers were not available.

TABLE 2
PARTY COMMITTEEMEN
EDUCATIONAL BACKGROUND

	Grammar School		High School		College	
Albany	184	47%	171	44%	38	9%
Cortland	19	44%	16	37%	8	19%
Geneva	4	11%	29	81%	3	8%
Ithaca	11	32%	13	38%	10	30%
Auburn	46	48%	46	48%	4	4%
Elmira	33	37%	47	52%	10	11%
Binghamton	45	40%	45	40%	22	20%
Syracuse	116	37%	145	46%	51	16%
Buffalo	974	69%	304	21%	142	10%
Poughkeepsie	36	38%	49	51%	11	11%
Yonkers	79	30%	121	46%	63	24%
Johnstown	26	65%	12	30%	2	5%
Gloversville	44	63%	17	24%	9	13%
Saratoga Springs	28	54%	18	35%	6	11%
Glens Falls	28	43%	34	52%	3	5%
Amsterdam	54	70%	16	21%	7	9%
Utica	183	72%	58	23%	12	5%
Rochester[1]	302	55%	179	33%	66	12%
Total	2212		1320		467	

[1]Information concerning occupations and education covers only the Republican committeemen.

to "play along with the party," thus handicapping them in the exercise of their judgment in the best interests of the community.

The data warrant the conclusion that from the standpoint of previous education the party committeemen are hardly representative of the class of citizens which is likely to take a broad view of the complex community problems with which every municipality is confronted. It seems axiomatic that if we are to have truly representative government, we must select those who represent the whole community, including a generous sprinkling of men and women who have the training and the outlook which will enable them to consider local problems primarily with reference to a long run program of progressive improvement in public affairs rather than with regard to party advantage. It is not held that those of limited schooling should be banned from representative positions, but on the other hand it is urged that those who have enjoyed educational advantages are better equipped to determine the increasingly complex policies of a modern community than those who have not gone beyond the grammar school level. At present the balance between the two groups in the cities covered is too heavily weighted in favor of the latter.

TABLE 3
OCCUPATIONS OF COMMITTEEMEN

City	Govt. Employees		Attorneys		Other Professional Men		Merchants		Bus. Exec.		Clerks Laborers Salesmen, etc.		Total
Albany	134	35%	22	6%	9	2%	22	6%	12	3%	183	48%	382
Cortland	2	6%	4	12%	1	3%	2	6%	2	6%	21	67%	32
Geneva	3	13%	1	4%	0	0	3	13%	5	21%	12	50%	24
Ithaca	7	21%	4	12%	0	0	1	3%	3	10%	19	56%	34
Auburn	23	28%	1	1%	1	1%	6	7%	8	10%	44	53%	83
Elmira	12	12%	3	3%	3	3%	7	7%	9	9%	65	66%	99
Binghamton	11	10%	10	9%	2	2%	7	7%	7	7%	72	66%	109
Syracuse	82	28%	32	11%	11	4%	16	5%	21	7%	129	44%	291
Buffalo	228	18%	60	5%	58	5%	67	5%	66	5%	758	61%	1237
Poughkeepsie	9	14%	4	6%	2	3%	3	4%	9	14%	40	62%	67
Yonkers	35	18%	11	6%	16	8%	9	5%	20	10%	103	53%	194
Johnstown	4	11%	1	3%	1	3%	4	11%	1	3%	24	69%	35
Gloversville	4	6%	2	3%	5	8%	2	3%	1	2%	48	77%	62
Saratoga Springs	8	17%	4	8%	1	2%	6	13%	2	4%	27	56%	48
Glens Falls	5	10%	0	0	2	4%	5	10%	2	4%	38	73%	52
Amsterdam	20	27%	1	1%	4	5%	6	8%	2	3%	40	55%	73
Utica	43	20%	5	2%	9	4%	20	10%	4	2%	129	61%	210
Rochester[1]	67	11%	21	3%	20	3%	33	5%	45	8%	400	70%	586
Total	697	19%	186	5%	145	4%	219	6%	219	6%	2152	60%	3618

[1]See note in table above.

B. Occupations (Table 3)

The occupations of the 3,618 committeemen for whom information is available were grouped under the following class headings: (1) Labor (skilled and unskilled, clerks and salesmen), (2) government employees, (3) attorneys, (4) other professional men, (5) merchants, (6) business executives. The first two groups comprise 79 per cent of the total number, there being 2,152 or 60 per cent in group one and 697 or 19 per cent in group two. The balance is divided fairly evenly among the remaining four groups.

The preponderance of those coming from what may be called the lesser employment classes, taken in conjunction with the considerable number of public employees, is not without significance. Making due allowance for exceptions in these ranks, a majority of docile followers can readily be counted on by those in control of one or the other party and—let it be noted—a docile followership is the primary requisite for the "boss" system. Confident of his backing in the official party organization and realizing the average voter's indifference to, if not ignorance of, the function played by primary elections, the party leader has felt free to ignore the demands of his constituency for long overdue reforms and improvements in government. Evidence of this is to be found in the regularity with which progressive measures are buried in aldermanic and legislative committees.

Another noteworthy feature in the summary above is the extent to which officials on the public pay-rolls, the public servants, are represented on the party committees. In Albany, 35 per cent of the Democratic committeemen are in this class and in Syracuse and Auburn, 28 per cent are recruited by the party in control from this class. They are at once masters and servants, partisans and impartial instruments of the administration of government. But whatever their roles, their bread and butter interests dictate the role of docility to the leader in control of the party machinery. It is submitted that this is a highly anomalous situation, one that makes neither for representative government nor for the best conduct of the public business.

CONCLUSION

If our basic thesis is accepted, that the local party committees provide the foundation for the whole governmental pyramid, and if the situation in the New York State cities is more or less typical, the data cited above and the observations to which they have given rise may well make one pause. They prompt the question as to whether our electorate has shown itself ready to assume the responsibility of self-government. At a very minimum such responsibility would seem to involve seeing to it that anyone's immediate representatives in the political hierarchy represented him, rather than that they should be foisted on him practically without his knowledge and voluntary consent. This is self-government by default—which is no self-government at all.

The data above suggest a further question as to the bearing of this widespread inertia and indifference on the educational system. Do they not point to the failure of the schools, the colleges and universities to perform one of their chief obligations, and according to their own avowals, one of their most important functions, namely, to prepare young people for the responsibilities of citizenship? One needs no survey to ascertain how ignorant the bulk of the graduates of the secondary schools and academic institutions are of basic political phenomena and methods and how little interest they have in participating actively in party activities and political campaigns.

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Looking Ahead at Expenditure Plans For Active Recreation

It is false economy to cut funds for recreation. The need for wisely made expenditures is more essential than ever before

RANDOLPH O. HUUS
Washington, D. C.

LOCAL funds for active recreation in our cities have taken a sharp drop since the 1930 expenditure peak when $38,500,000 was the year's total reported. For the year 1933 the aggregate expenditure was $21,000,000—a decrease of over 45 per cent. However, emergency expenditures of about $6,000,000 derived from CWA funds during 1933 are not included in the above total. The largest portion of the CWA grant has been made available during this year. When this amount is added to the cost of the recreation workers paid from FERA funds, the total should comprise a substantial, additional sum for the year 1934. The most drastic decrease in the local expenditures for active recreation has been for land, buildings, and permanent equipment. For the four-year period from 1928 to 1931, the average yearly expenditure, which was reported for these capital outlays, was over $11,000,000, while for the year 1933 the expenditure was only a little better than $2,000,000. Fortunately the expenditures essential in the carrying on of the regular recreation programs have been much less seriously affected. Thus salaries and wages, upkeep, supplies, and incidentals averaged annually about $19,500,000 from 1928 to 1931 and totaled over $16,300,000 for 1933.

In considering the decline in the operating and maintenance costs just cited above, it should not be forgotten that many recreation departments doing excellent work were forced to accept much larger cuts than the averages above indicate. In Minneapolis, for example, the budget for both park and recreation services is 60 per cent less than before the depression. Account should also be taken of the fact that the majority of our cities did not provide the recreation departments with budgets adequate to meet reasonable popular demands for play opportunities in the years before 1929. Now, with reduced appropriations, recreation authorities are faced with the difficult task of stretching the funds and the facilities to accommodate the unusual increases in the number of participants coming from the ranks of the unemployed. Temporary stop-gaps such as the addition of many voluntary recreation leaders and aides and the assistance of the CWA and the FERA have been invaluable in carrying on the regular programs and in meeting the unusual and immediate demands. Such support, however, must be recognized as temporary and incidental. In the long run and with a return to more normal economic conditions, financial support will come largely, if not entirely, from local funds. The important savings will probably have to be made, in the main, by cutting the expenditures for capital projects to the bone. Sizable economies in the expenditures for current services, when continued for any time, would be most unfortunate.

These circumstances make it quite evident that the need for wisely made expenditures is more essential than ever before. It should stimulate those who determine the recreation policies and those who expend the funds to make the recreation dollar count where the community needs are the greatest. With this idea in mind, the writer discusses below, necessarily in a general and summary fashion, some of the important factors which deserve serious consideration when the expenditure plans for active recreation for both current services and capital projects are overhauled to meet the needs of the years just ahead.

DETERMINING THE RESPONSIBILITY

In the early days of active recreation in this country, the work of private agencies in furthering municipal recreation was outstanding. As the years went on, both the city governments and the public schools assumed increasing responsibilities. Today, our city governments carry the brunt of the responsibility but the work of the public school systems and private organizations still remains significant. In many cities both the city governments and the public school systems expend money for recreation and carry on more or less independently of each other. Unnecessary duplications of facilities and services often result and a certain waste of the limited tax funds available for this purpose is inevitable. It should be increasingly evident that the best results as regards genuine economy and administrative effectiveness cannot be attained where city governments, school boards, and even county and regional park boards, which serve the same community, budget, operate and plan independently. Taxpayers have a right to demand either that this responsibility be completely centralized or that some coöperative plan looking towards greater operating and physical unity be put into effect. In a number of cities coöperative arrangements among the agencies promoting public recreation have proven practical. The set-up in Oakland, California, affords a good illustration. Indications are not lacking that the demand for greater centralization is increasing. Witness, for example, the recent consolidation of twenty-two park districts in the city of Chicago.

In seeking greater financial and administrative unity, three solutions suggest themselves. Responsibility might be lodged largely or entirely on the city governments or units thereof. This seems to be the trend in many cities. On the other hand, some recreation students and city planners believe that the public schools should take over the entire program. The third alternative would be to place the responsibility and final authority in the hands of a group or a single individual representing both the city government and the public school system. The city government and the public school system would then be delegated those particular recreation functions which each was in the best position to conduct. To make such a set-up effective, the authority representing the two municipal units should have enough power to put into effect unified budgets and expenditure plans.

An arrangement along the lines suggested in the third alternative seems, to the writer, to provide the most practical and satisfactory solution. Under this plan it has been proposed that the grounds and buildings of the public school system be utilized to the fullest extent in carrying out a program of active recreation for all children of school age. It might be necessary to augment somewhat the existing physical education staffs to direct the activities. The city government, for its part, would establish and conduct play areas and activities for the older youth and for adults. Under its control would come the physical facilities necessary for such activities as golf, outdoor swimming and bathing, tennis, the conduct of winter sports and various types of adult entertainment. These illustrations merely suggest some of the general outlines. A reshaping of the administrative machinery to provide for coöperation and control along these lines would seem to offer substantially more to most cities in terms of economy and service than would be the case if the entire responsibility were turned over to either the city governments or to the public school systems.

There is another type of situation which deserves consideration. The active recreation movement has developed within the last quarter-century more or less independently of the park departments and boards. The result is that we find, in many cities, park and active recreation units functioning separately and without any noticeable amount of coöperation. Actually both the older park services and active recreation merely represent different approaches to a common goal, viz., to provide enjoyable leisure opportunities for the public. Park superintendents have lost, in large part, the earlier antipathy towards the more active forms of recreation and there are excellent examples where these two expressions of the play and leisure movement have been carried on effectively under park departments. Certainly, in these days, consideration could well be given to the organization of a municipal parks and recreation department wherein both aspects of this larger function will be considered important. The community advantages are immediately evident whenever the plant and facilities of a park system are adapted to the legitimate needs of active and socialized forms of play. Any effective steps municipalities take towards administrative unity as between the city governments and public school systems and between independent park and recreation departments should materially improve the financial and planning phases of the park and recreation services.

APPRAISING RECREATION OBJECTIVES

The depression period is an excellent time for a certain amount of stocktaking as regards the current park and recreation services. The aggregate spent for these services represents, in a broader sense, the actual cost of municipal recreation. There are many reasons why parks are more expensive, for example, than are playgrounds or community centers. This is understandable when one considers the cost of acquiring extensive park lands and their development, and of the buildings and the improvements necessary for zoological gardens, aquariums, floral exhibits, and other special projects representing an earlier tradition of leisure-time entertainment. Specialized projects of the type just mentioned necessarily involve relatively high expenditures not only for the initial capital cost but also for their operation and maintenance. Valuable as these projects are for the entertainment and education they afford the public, is it not a debatable question whether they should be continued on the old expenditure levels when the present day needs for skilled leadership to direct play activities is so evident? With the inadequate totals available for both park and recreation services and with the strikingly increased demands for recreational opportunities which satisfy emotional and physical needs, is it not the part of wisdom on the part of our budget-makers to provide for these needs even at the expense of severely reducing the appropriation for some of the older and more expensive park features? In raising this question, the writer fully appreciates the necessity of maintaining, on as high level as is possible, the naturalistic features of our parks and their general characteristics. However, since park and recreation funds will not cover all of the customary projects and services of past years, the needs of both of these services should be considered jointly, if that is feasible, and the curtailments made in those services which offer the least in community satisfactions at the present time. A critical reappraisal of all park and community recreation services to determine the inter-relationships, the relative costs, and their public appeal would be a valuable prelude to budget-making.

Active recreation services also stand in need of revaluation. A review by the writer of many annual recreation reports and budgets of recreation departments revealed a rather bewildering variety of services provided and considerable differences in the emphases given to the various activities as indicated both in the programs and in the budget appropriations. In one sense, this is merely the sign of a healthy growth of a recreation department. There is, however, a definite danger when small budget appropriations cover numerous activities of differing types and embrace too many objectives. It would be a better policy to concentrate on a few definite aims where the needs are clearly the greatest and the accomplishments are actually apparent to the public. At the present time two general needs seem paramount. The first is for adequate and well supervised play areas, both indoor and outdoor, for children and also for adults. The second is for recreation opportunities which satisfy what might be termed as emotional and aesthetic desires and which may find expression either in group or individual activities. These needs seem to be greater as regards older youth and adults since children find considerable opportunity for these expressions in their school activities. The objectives given represent only the opinion of the writer and are set forth in this general form for the purpose of suggesting the nature of a critical evaluation of the aims and activities in terms of the budget funds available. Such expenditure planning will probably not save any money but should insure better results from the funds which are expended.

Expenditure objectives, in terms of the groups to be reached and in the time to be devoted to the recreation program, are also important. Many cities, for example, make entirely inadequate provisions for adult recreation. This need is greater than ever before and every expenditure plan should furnish such opportunities so far as is possible. In this situation, a modified system of moderate fees and charges might well be tried out or extended for the more specialized activities, supplementing the budget appropriations which provide free services. It is likewise important that recreation opportunities for girls and young women should not be neglected. So, too, it is essential that opportunities for play be afforded all persons, regardless of race or color.

Finally it is now being realized that the recreation programs in our cities should no longer be part-time affairs, but should be carried on throughout the entire year. The excellent winter sports programs that some recreation departments put on is proof enough that the benefits of play activities are not limited to summer months. The objectives which have just been mentioned are all familiar ones, but nevertheless are worth calling attention to since so many

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New York City Elections as a Problem in Political Science

Four principles for the securing of good government in the country's largest city suggested by one of its citizens

RICHARD S. CHILDS *Chairman of the Council, National Municipal League, and President, The City Club of New York*

THE victory of Fusion over Tammany in New York City in November 1933 and the efforts to draft a new charter in the summer of 1934 provide the makings of a lively narrative. I shall sketch these episodes, however, as parts of a problem in political science and thus make a good story into something duller than last year's doughnuts, for the edification of those of us who take our political sports in this melancholy analytical fashion!

Forty years ago, when the National Municipal League was organized, the municipal reformers, who came from the various cities and met for the first time to match experiences and ideas, were clear in their minds that it was futile to attempt to maintain volunteer reform parties as an offset to political machines: they turned their minds to a more technical attack which we have carried on ever since. They developed a model charter on a simple mayor and council plan and some twenty years later we pushed forward the standard and developed the city manager plan. In the process the League developed its doctrines and established them as orthodox among practical reformers on the basis of abundant mounting evidence.

Let's look at recent events in New York in the light of the National Municipal League's principles of democratic organization!

Our seven million people are organized for political self-government by a charter which vests the powers of the municipality in the board of estimate and apportionment, three of whose members (mayor, comptroller, and president of the board of aldermen) are elected at large from the whole city, and the others, the borough presidents, are elected singly by the boroughs. There is also a moribund and feeble board of aldermen which doesn't matter and there is a list of county officers and local elective judges which encumber the ballot and get little attention.

This set-up goes contrary to the principles of the National Municipal League's model charter in several respects: (1) the ballot of about fourteen offices is too long, (2) the districts are unwieldy, (3) the ballots are not nonpartisan, (4) there is no provision for proportional representation.

It may surprise you to have me say that No. 1, the long ballot, does not seem to me the serious item; it would be better if the county offices were cleared off the ballot and made appointive and steps are being taken in that direction; likewise as to the judges. The principal merit of getting them off the ballot, however, is to diminish the powers of the private political leaders who virtually appoint them now. Their presence on the ballot does not seriously obscure the issues as to the major offices; the people get a clear view of the candidates for borough presidents and for mayor, comptroller, and president of the board of aldermen.

It is the second violation of sound principle—the use of unwieldy districts—that seems to be the most serious. All the five boroughs except Richmond (Staten Island) are unwieldy, having populations of from 500,000 to 2,000,000 each, and, of course, the city as a whole from which mayor, comptroller, and president of the board of aldermen are elected, is still worse. By an unwieldy district I mean one that is too large to be canvassed hopefully by an independent candidate with a typical candidate's resources of money and friends. We have all over our American system instances of such unwieldy districts. Such districts could be contested by amateur independents against other amateur independents but not against professional organizations. In a small district an independent amateur can cover the district and get due attention with a small amount of money and an improvised organization; in a borough like Brooklyn, with its 2,000,000 people, or one like Queens, which is a far-flung scatteration of populated patches, such an independent can't make a dent in the public consciousness. Accordingly, the only nominees for our board of estimate that ever have any chance are those put forward by powerful ready-made organizations of which, of course, the dominant political machine is the chief. On the other side, the Republican organization, while never powerful enough to elect anybody unaided, can always wreck the anti-Tammany efforts by a refusal to coöperate, and has done so from time to time.

FAILURE OF UNWIELDY DISTRICTS

On this foundation of unwieldy districts, a nonpartisan ballot would fail. It has failed for twenty years or more in Boston when applied to an unwieldy district, namely, the whole city voting for mayor; a decision by the Boston Democratic city committee to endorse a given candidate is usually so potent that even a harmonious combination of all the opposing forces in town is insufficient to match it. So it would be in New York: if we had non-partisan ballots we would not have the nonpartisan elections that we see proceeding so remarkably in the small cities under the city manager plan; an endorsement by Tammany Hall would have about the same effect as if the party name and emblem followed the candidate clear to the point where his name appears on the voting machine. For such endorsement suddenly brings to the support of the candidate a vast army of political mercenaries, drilled, captained, paid, and obedient, an army such as no independent can hope to improvise.

LARGE DISTRICTS MEAN POLITICAL MACHINES

So, see what we did a year ago when we elected Mayor La Guardia and defeated Tammany for the first time in sixteen years! We had the organization of the Republican party, such as it was after endless defeats—that, reinforced by the popular sentiment aroused by the Seabury exposures, was hardly enough! We organized a committee of one thousand a year ahead, got some 5,000 members into touch with each other as best we could, and started up the rudiments of organization in numerous precincts, and then when the campaign time drew near, enlarged it to create the City Fusion party. Then there were other groups, claiming to represent vast and nebulous constituencies and demanding recognition along with the other anti-Tammany forces. All the groups quarrelled and clamored and pulled and hauled and were eventually gotten together to nominate

La Guardia, the idol of nearly a million Italians, Cunningham, a leader of the ex-service organizations, Deutsch, head of a great Jewish federation, our own Raymond V. Ingersoll, the widely-trusted, "impartial chairman" of our vast local garment industry, and so on —so dependent were we on anything we could get hold of in the way of an organization, political or otherwise! In other words, we had to build a new political machine, a crazy ramshackle, to be sure, to combat the old machine. And to keep our position for the next election requires either great funds or wholesale misuse of patronage to man the precinct organizations with the necessary number of professional political mercenaries! The basis of that horrible necessity is the violation of the principle of wieldy districts.

And if we succeed in erecting a new permanent political machine competent to combat Tammany Hall election after election, our machine will speedily become corrupt, and indeed, even now, feeble as is the City Fusion party, it is overrun with self-seekers demanding position, authority, recognition and patronage. And Mayor La Guardia, by steadfastly refusing to use patronage to fortify the Fusion party or any other party that supported him, is steadily affronting the self-seekers who came rushing to the succor of the victors; thereby he is checking the inrush of alien spirits into the Fusion party and filling with rancor those who are already there. My own hope is that the party will disband and leave the field clear for its originators to make a clean start next time with a new name and with still another name the time after that! A political party which holds power enough to attract self-seekers is incapable of protecting itself from contamination. The only way to keep a party true to its original character is to govern it by a self-renewing committee; the necessity of catering successfully to the rank and file of the party to secure their adhesion gives the latter as good control as primary elections of the governing officers of the party could do.

CIVIC CONFERENCE PROGRAM

The program of the New York Civic Conference took into account the principles I mention and dealt correctly with them. Avoiding the ills of the ward plan, it proposed to make the large districts wieldy for the election of a city council through proportional representation, which allows minorities to elect spokesmen without canvassing a whole district. And through the city manager plan it proposed to abolish the other city elections altogether.

But I see no probability that this combination will be seriously considered by the new charter commission presently to be appointed. For, in the spring of 1934, a charter commission was named by the legislature to draft and submit to local popular vote a new charter. Alfred E. Smith was its chairman and Samuel Seabury its vice chairman. With its twenty-eight members it was almost too representative a commission to agree on anything; it did get along but not fast enough to suit the chairman whose irascibility and disorderly attempts to domineer over the proceedings complicated even the simplest bits of business and ended in his sudden and passionate resignation and the subsequent abolition of the commission in favor of a smaller body.

The National Municipal League's ideas were represented on the ground by me, first as chairman of the Civic Conference of the civic associations and as a member of the charter commission; also by Mr. Hallett, of the League's staff and new Secretary of the Citizens Union.

How far New York was from accepting the League's ideas is shown by the fact that Alfred E. Smith as chairman of the commission, with a straight face, proposed a two-house municipal legislature, undoubtedly unaware of the fact that most of the cities in America had tried that arrangement and abolished it back in the "nineties"! The Civic Conference, on the other hand, urged a "P. R." council, a city manager, and nonpartisan ballots. Between these extremes were those who put a high value on the board of estimate and apportionment, a powerful and responsible body with surprisingly good traditions of technical competence, and the Seabury-La Guardia group who favored a mayor and a small council set-up like our League's model charter of 1894 or like the government of Pittsburgh, Detroit, Boston, and Chicago, with the addition of proportional representation elections. This latter view is likely to prevail, for Mayor La Guardia will probably appoint a new charter commission dedicated to that idea. If the charter thus proposed gets past the rocks of a local issue called "borough autonomy", we shall still have of necessity great political machines to get candidates for mayor into nomination and a repetition of the quadrennial Fusion scramble with its overwhelming burdens on the devoted volunteers who sally forth against the organized mercenaries of patronage.

Editor's Note. Address delivered at the National Conference on Government, Pittsburgh, November 26, 1934.

WHAT LEGISLATORS ARE THINKING ABOUT

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quate development of the already established Interstate Reference Bureau.

A recent and novel experiment in legislative planning is the pre-session conference. Before the last regular sessions of the legislatures of South Carolina, Tennessee, West Virginia, and Kentucky, the respective state councils of the American Legislators' Association organized a pre-session conference of the legislature. These projects were undertaken because of the fact that a legislature has no adequate machinery for mapping out its program. Since the turnover in personnel among our lawmakers is so great as to preclude the possibility of having legislatures which are largely made up of members who are experienced or well equipped with practical knowledge of legislative precedures and techniques, pre-session conferences seem to afford opportunity for acquainting both new recruits and veterans with the issues to be faced.

INTERSTATE COOPERATION

Finally, our present legislative set-up may be considerably improved by the development of closer coöperation between the state governments. Such a statement could only be classified, until recently, as abject theory. At the present time, however, an agency is being developed expressly for this purpose—the Council of State Governments. The American Legislators' Association, realizing that there was no machinery for bringing our forty-nine governments into an harmonious working-relationship has been instrumental in the organizing of this council, which is designed to focus upon this slippery problem the attention and the efforts of state officials and of disinterested agencies which are studying the methods whereby we may improve the structure of our government. The building up of this Council of State Governments will be discussed in most of the legislatures at their coming sessions. It concerns a basic problem for all legislators who have been in office long enough to see the broader implications of their task.

Cleveland Still Dissatisfied

Story of P. R. and the manager plan in Cleveland and the outlook for their return

WILLIAM R. HOPKINS *Former City Manager, Cleveland*

I HAVE been asked to talk about proportional representation and the city manager plan in Cleveland, what happened under them, what happened to them, and what the future holds for them there. That is a rather large order but I shall try to deal not only with the matters suggested to me but also with another which seems to me to be fundamental to the whole problem of better government in this country.

PROPORTIONAL REPRESENTATION

We had ten years of P. R. in Cleveland; it lasted two years longer than the manager plan because the people behind the charter to bring back the system of elected mayors were in a greater hurry to capture the administration than they were to elect a ward council.

How did proportional representation actually work during those ten years? I think that no one qualified to express an opinion on that point would seriously dispute the statement that the city councils elected in Cleveland under the P. R. plan were, on the whole, the best we have had in many years. These councils were, as none of their predecessors in my time had been, truly representative of the people of Cleveland as a whole. They were not as good as the original proponents of the plan hoped and expected, but even that fact was due, in my opinion, to their truly representative character. Those of us who are sincerely devoted to the improvement of government always desire a government which will be better than a truly representative one would be. On the other hand, the professional controllers of government for their own purposes always want one much worse than a truly representative one would be. These councils were well above the middle point between those two desires. Left to themselves, free from boss and utility and professional labor influences, they would have been pretty nearly as good as any reasonable person could expect them to be.

Being so completely representative and representing large districts as they did, the councilmen elected under P. R. took a broader view of all questions. And they took a more active interest in all questions because they knew that, barring direct interference by external interests, their views would determine the form of city action. Even the members who had been ward councilmen under the old plan—and two-thirds of them had been—were much more active, useful, and happy in their work under the new plan.

In a word, all the arguments and predictions that councilmen elected under P. R. would be more clannish and contentious; that the council would become a battleground of nationalistic struggles and disputes, and that the interests of the city as a whole would suffer under this system of group representation, turned out to be the exact reverse of correct.

THE MANAGER PLAN

We had the manager plan for eight years, six years under a manager elected by twenty-four out of twenty-five votes, and two years under a manager selected by a Republican party caucus. During this time, the members of the council, with very few exceptions, had received the endorsement of the Republican or the Democratic organization, were themselves practicing politicians in county and state elections and so out of real sympathy with the non-political, business ideals of the city manager form of government. The dominant members, the men who controlled the committees, were positively hostile to the ideals and inevitable trends of the plan and used to the utmost their powers under the charter to prevent administrative economies which affected their political strength. All of these men were holdovers from the old system and possessed enough political experience and machine, utility and other outside support to secure their election under any plan.

There were even greater difficulties from holdover civil service employees who got into the service or were promoted through political influence and whose first allegiance was always to the people outside of the city hall to whom they owed their appointments and promotions and upon whom they believed themselves still dependent for their jobs and future promotions. To these the city manager plan was but a temporary, passing phase and the bosses and the organizations were the only really important things. A city manager bound by law and his sense of duty to respect the civil service law and rules found these laws and rules and the civil service commission itself among the most serious impediments to efficient city administration.

Notwithstanding these drawbacks, the results actually obtained under the city manager plan far excelled those produced under any other within my recollection.

When the first city manager came into office he found the city's physical equipment and the city property generally in a very bad state. Within the space of six years practically all city property had been put into fine condition, improved and enlarged, and the equipment for the performance of the city services entirely refurbished or replaced. The service department, the fire department, and the police department had been entirely motorized and furnished with first class facilities for taking care of equipment. Entirely new police headquarters and a complete new signal and radio system were installed in the police and fire departments. The city was provided with a complete system of traffic lights and regulation. Sixteen thousand electric street lights replaced gas lamps.

The city park system, which had been allowed to deteriorate sadly, was put into fine condition. Splendid swimming pools, fine recreation buildings, and bandstands were constructed. Recreation facilities and services were expanded and improved and costly breakwaters constructed for the protection and enlargement of our parks on the lake front. The property required for the completion of the Mall and group plan was acquired and funds provided for the beautifying of the Mall. The public hall was completed. The first and, we think, the finest municipal airport in this country was constructed. The plans were completed and the money provided for a stadium which we also believe to be the finest in this country.

In the utilities department, the water department was put in position, for the first time in the history of the city, to furnish an ample supply of filtered water to all of the people in Greater Cleveland. The municipal light plant was brought up from a condition in which it was incapable of rendering good service to one where it served a larger clientele on even terms with the private utility and at lower rates. Its actual net earnings were brought up to a million dollars a year on a property which had never directly cost the taxpayers a penny. All its debts to other departments were paid in full and it was furnishing street lighting at rates which represented a saving of more than $350,000 a year compared with the prices the city was paying the private utility for comparable service.

In the department of finance, all of the deficiency bonds issued by the previous administrations had been paid off, all deficiencies in the sinking fund accounts made good, and the tax levy for debt charges had been reduced. And there remained in the city treasury, when I left the city hall, nearly twenty-five millions of dollars for public improvements yet to be made.

TAXES REDUCED

Yet, while all these things were being done, the tax rate for city purposes was being reduced. While every other governmental taxing authority was increasing its levies on property in the city of Cleveland, the levy for city operation was decreasing. If the city levy had kept pace with the other levies during the second three years of the city manager plan, the amount of taxes collected for city operation would have been greater by about ten million dollars. In other words, the tax reductions effected for the city in those three years were almost equal to the whole tax levied for city operation in the sixth year.

If the city manager had had the power to fix wages and salaries, and if he had been free to eliminate every inefficient and unnecessary city employee, above all if he could have eliminated entrenched disloyalty, the saving could have been still greater.

During the two years of my successor as city manager, notwithstanding the fact that he had been chosen by a political, partisan caucus and was subject to the political pressures incident to such a selection, the methods established during the preceding six years and the momentum of habits and training of city employees made those two years far better than any that have followed under the elected mayors. A political city manager was far better for the city than a political mayor.

CAUSE OF ABANDONMENT

Why then, did the people of Cleveland abandon P. R. and the city manager plan?

Again, first as to P. R. In this case, the manager plan was the dog and P. R. was only the tail. The people who wanted to seize control of the city for their private purposes, the people who actually put up the money for the expense of circulating the initiative petitions for the new charter and later provided the financial and other support necessary to secure its adoption, picked up for their purpose a charter prepared by a group which had thrice before tried to upset the manager plan. The real leader in all four attacks on the charter was the former and the present mayor, who liked a weak council and had found by experience that a ward council was the weakest kind and so most easily controlled by an elected mayor. But the people who really made the last charter campaign possible were thinking only of getting a mayor with whom they could have satisfactory relations.

Aside from the people who had their private reasons for wanting to go back to the old methods they had found satisfactory, there were a good many honest people who complained that councilmen elected in a group from a large district were not as accessible and amenable to local pressure as the ward councilman had been. They liked to have a councilman handy to receive complaints about the removal of garbage and rubbish and such things. There was also complaint that the system of voting was complicated and this feeling was kept stirred up as much as possible. But these complaints were heard less and less as time went on.

But what about the city manager plan? Why was it voted out after such a record of accomplishment?

Strangely enough, the same feeling which first caused its adoption finally caused its rejection—resentment against the Republican boss and his personal machine. When the people adopted the plan in 1921, they did it in a fit of anger at machine management. When they voted it down, they did it because they believed that the same boss and the same machine really controlled the city manager. The second city manager had been literally selected "in a smoke-filled hotel room" by a caucus of Republican councilmen acting in the presence of the boss after a disgusting exhibition of old-fashioned political maneuvering and trading. Many of the voters preferred a mayor elected by the people to a manager selected under such auspices.

ELECTED MAYORS

The first mayor elected under the charter was a young Democrat who, as county prosecutor, had made a lot of trouble for the boss and his friends. The desire of many people to put this man in the city hall undoubtedly influenced a lot of people to vote for the new charter to make such an election possible. When elected this man thought he had a mandate from the people to give them a partisan political city administration. He frankly modelled his administration on Jimmy Walker and Tammany Hall and started to build up a local Tammany organization. He carried the city government in Cleveland down to the lowest level of efficiency and public value I had witnessed in forty years. He forced through the worst rate ordinance in the history of the city. When he came up for re-election he was defeated by a man who understood his kind of city politics much better. That man was more responsible than any other for the conditions against which the people revolted when they voted for P. R. and the manager plan. He is exactly the kind of mayor he was before. And so the wheel has made the complete turn.

The city council elected by wards has already been relegated by the mayor to the position of insignificance which it occupied when he was mayor before. The most important and urgent business of the members being that of getting jobs for really needy constituents, and the jobs being all in the hands of the mayor, no councilman can afford to have any opinion which may affect his ability to get jobs. Cleveland has exactly the kind of government big cities always get from elected executives who get and keep power by promises, patronage, and the police power. And, to say the least, she is not happy to find herself back in the pit out of which she had climbed. That she will not stay there seems certain. Just when and how she will climb out again is not so clear, but there is good reason to believe that when she does start upward she will not do a half-job as she did before but will establish the new government on firm foundations as Cincinnati did.

The real reason for the destruction of the manager form of government was not that it had failed to accomplish its objectives, but that it was succeeding too well. Its complete success meant the destruction of the private business of controlling the government of that city for private profit. Every step it made in the direction of managing the city solely for the benefit of its people had to be taken at the expense of somebody who was making a profit out of running some part of it for private profit at the expense of the city.

An honest, competent city manager will not rest until he has an honest, competent man in charge of city purchases. Such a man in Cleveland put an end to an enormous amount of graft. But in stopping graft he made a lot of powerful enemies for his chief.

An honest, competent director of public service, in charge of all construction, naturally and necessarily ended a lot of very profitable contract graft, the kind of graft most profitable to every boss.

When the city manager stopped the passage of an ordinance which would have increased the price of gas for a period of years, he made impossible an increase which would have cost the consumers $3,000,000 in the last six years and opened the way for reductions which are now putting back into the pockets of the consumers $3,500,000. Fine for the consumers but for the manager who simply did his duty, it meant bitter councilmanic and corporate enmities which were satisfied only by his final removal from office. The simple fact is that every time a public official, doing his duty as an honest public servant, saves the people's money, he runs counter to the logic of political management and to the deepest instincts of the professional manipulators of public administration. He is not merely resisting the efforts of some local individuals; he is opposing the whole system of political graft and attacking deeply-rooted opinions which are the ultimate source of political inefficiency and corruption in the United States.

What are these opinions? I can take time to deal only with the one which I believe to be the most insidious, the most harmful, and the most difficult to combat. I refer to the belief, almost universally held in this country, that it is permissible, almost inevitable, that elected officials should use the patronage and power of their public offices to reward the friends who helped them to get into office and those whom they expect to help them stay in office, by appointing them to office, by promoting them to better offices, by giving them contracts or legal immunities or any other advantages made possible by the use of the power of their offices.

In like manner, the contractors and the supply men who contributed to their election are all expected to receive favors, which favors inevitably include some money which would not have been paid to anyone who had not such a claim upon official favor. And so on and so on until the accumulated burdens of these expenditures of public money to pay private debts become intolerable and some reform wave engulfs the official or the administration.

The point I wish to make and which I suggest for your thoughtful consideration is this: Every one of these transactions is at bottom a theft of public money. It is even worse than that; it is a theft of money entrusted to the recipient for a different use and by him diverted to his own use and benefit; it is the kind of theft which in other cases the law calls embezzlement.

WHY GRAFT?

Why do we have vast municipal inefficiency and corruption not to be found in other countries of similar civilization? Why does every political group which gets and retains control of a big American city inevitably travel this descending road to deeper and fouler corruption? Must there not be

(Continued on Page 41)

The Extent of Municipal Defaults

Recent wave of defaults by local governments in payment of bonds and interest now on the wane

SANDERS SHANKS, Jr.

Editor, The Bond Buyer

It has been stated on excellent authority that municipal bond defaults occurring in the 1870s involved one-fifth of all outstanding municipal securities. During the recent period of rapid municipal debt expansion (1920-1930) it was seldom that any reference was made to that earlier era of municipal insolvency. For a generation or more there had been practically no such thing as defaults in this field of investment. Investors and a great many investment bankers developed a sort of blind faith in any investment to which the label "municipal" was attached. And because federal income tax exemption was extended to bonds of states and every type of "political subdivision thereof", many millions of dollars worth of bonds were labelled "municipals" which, in fact, were not issued by municipal corporations.

It is clearly recognized that we are now going through a new era of municipal debt defaults. It may be said to have started following the collapse of the Florida land boom in 1926. At first, Florida municipals were considered to be in a class by themselves. What was happening down there, it was generally agreed, could never happen in such regions as North Carolina, New Jersey, Ohio, Michigan, or Illinois. Looking back from this date, of course, we see that it did happen.

Were an absolutely complete record in existence, it would probably show that not a single state escaped without some cases of municipal default. Records which have been compiled show that defaults were not restricted just to small towns, nor to any one class of taxing district, nor to any one type of bond, such as street improvement issues. The largest city in the United States was in actual default on a substantial amount of debt only a year ago and dozens of other large cities and counties have been during recent years or are still behind on their debt service payments. Both general obligation and special assessment bonds have defaulted. Counties, villages, school districts, and every other type of political subdivision will be found on the delinquent list. And there are a wide variety of reasons for or causes of defaults. In other words, we are experiencing a new era of rather general default on municipal indebtedness. That it is right now on the wane, there can be no doubt. That there may not be another bad period ahead, at least in certain areas, we cannot yet be too sure. There are those who believe we are just at the beginning of a long period of trouble and that the great majority of municipalities must be relieved of some part of their debt burden. The concensus of expert opinion is quite to the contrary, but not many will contend that, without a substantial general business recovery, the existing indebtedness of the states and their municipalities can be supported.

A RECORD OF DEFAULTS

The writer has been attempting to keep track of the defaults which have occurred during these past few years. With some two hundred thousand separate taxing districts to check, a vast majority of which are of minute size, it is obviously impossible to compile anything approaching a complete record. Because of its very nature, a default is an elusive thing to locate or, if discovered, to find out much about. No one likes to talk about a default. The logical source of information is the delinquent debtor. Next is the banker who sold the bonds which turned out to be a poor investment, and then there is the unfortunate owner. It is not difficult to understand why all three of these interested parties shun publicity concerning the regrettable fact of the default. It is, therefore, with very definite reservations concerning the accuracy of the record that this attempt is made to indicate the extent of municipal debt defaults.

Based on a survey revised to November 1, 1934, the outstanding facts are these:

1. No state government is in default.

2. Counties, municipalities, and special districts in default number approximately 2,600 and their aggregate indebtedness represents about 10 per cent of the total indebtedness of all states, municipalities, and other special districts.

3. Few municipalities in the default classification have failed to pay interest. Unpaid principal actually past due represents only a fraction of the total indebtedness. (In the case of municipal bonds, most of which are issued in serial form, a default on one installment of principal does not throw the balance of the unmatured installments into default.) It has been estimated that the actual amount of past-due principal and interest only slightly exceeds 1 per cent of the total state and municipal debt of the country.

4. The depression in municipal finance appears to have touched bottom some months ago when one state and thirty-seven cities of 30,000 or more population were in the default column. These communities, together with eight coterminous school districts which were also in default, accounted for about 38 per cent of the gross debt of all cities and school districts in that population group. As of this date, we find that fifteen of these cities have met all past-due payments or have worked out a readjustment plan acceptable to a large majority of their creditors. The total debts of the remaining twenty-two cities and of the eight school districts is only 5 per cent of the aggregate debt of all cities in the group.

5. As of November 1, 1934, a summary shows 2,654 counties, municipalities, and other taxing districts in forty states to be in default. Of this number, 1,992 were counties, municipalities, and districts in default on general obligation bonds and 662 were drainage, irrigation, and other special assessment districts. Eliminating these 662 special assessment district defaults as representing a special problem which is not strictly speaking a municipal debt problem, it appears that about one-half of the 1,992 municipal corporations in the default classification are extremely small places and represent a relatively insignificant part of the total debt of all defaulting municipalities. With a view to simplifying the picture, we have listed, by states, the 1,067 municipalities in default having a population of 5,000 or more and find that they are scattered through thirty-seven states.

6. A breakdown of these 1,067 defaults, by states, indicates that the default situation presents a serious problem in the following states where defaulting municipalities number fifty or more: Florida, Louisiana, Michigan, New Jersey, North Carolina, Ohio and Texas. In a few other states, while the number of reported defaults is not large (from ten to fifty), the situation is sufficiently serious to affect adversely the credit of the states and their municipalities and to indicate some fundamental weaknesses in public credit. In this group are Alabama, Arkansas, Kentucky, Mississippi, Oklahoma, and Tennessee. There are thirteen states in these two groups so that in the remaining thirty-five states there are either no defaults or the problem appears to be that of a comparatively few individual municipalities, rather than one of state-wide importance.

7. Recently an attempt was made to ascertain the gross debts of all municipalities of 5,000 or more population on the default list and a figure of roughly $2,225,000,000 was arrived at. Of this debt, $1,881,895,843 is accounted for by defaults in the thirteen states named above as representing the areas in which the default situation is serious:

Group 1

(9)	Florida	$ 303,137,887
(1)	Louisiana	85,426,650
(21)	Michigan	487,445,513
(18)	New Jersey	209,138,135
(10)	North Carolina	151,123,576
(24)	Ohio	235,159,785
(5)	Texas	110,240,259
(88)		$1,581,671,805

Group 2

(6)	Alabama	$ 35,037,100
(1)	Arkansas	159,156,180
(2)	Kentucky	13,558,500
(4)	Mississippi	23,694,415
—	Oklahoma	8,074,824
(2)	Tennessee	60,703,019
(15)		$300,224,038

(Figures in parentheses are number of cities of 10,000 or more population in default.)

8. Referring again to the defaulting cities in the 30,000 or more population group, it is interesting to find that twenty-five of the thirty-seven cities are located in the first group of seven states where the default situation has been the most serious, whereas only six of these cities are in the second group of states; the remaining six cities are located in states where no general condition of default exists.

9. In the case of several of the larger cities which must still be considered as being in default, rapid progress is being made in restoring the bonds of these communities to a completely current basis.

LOOKING AHEAD

(Continued from Page 22)

cities, as yet, fall far short of attaining them.

It has been the purpose of this article to call attention to a few of the important factors which determine the most effective use of the moneys available for active recreation. Nothing is more important in achieving the goals which have been outlined than a competent staff of recreation workers. The practice of a niggardly economy as regards their salaries is false economy of the worst sort. Unfortunately, just this type of economy has too frequently been put into effect. A realization, on the part of those public officials in a community who determine the extent of the recreation budget, of the necessity of capable and inspiring leadership, is the first essential of an intelligently made expenditure plan.[1]

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[1] This article is based largely on more extended discussions of these topics found in the writer's book "Financing Municipal Recreation" recently published by the George Banta Publishing Co., Menasha, Wis.

Annual Appraisal of Municipal Reports

Number of reports issued by municipalities during 1934 show great increase over previous years

CLARENCE E. RIDLEY

University of Chicago

In 1927 Harold W. Dodds, former editor of the Review, created this section of the appraisal of annual municipal reports, with the object in view of encouraging cities to report more systematically and more adequately the facts regarding the operation of city governments. It should be understood that this appraisal applies only to the annual municipal report and attempts in no way to pass judgment on the many other effective methods of public reporting, such as the leaflets, department reports, annual summaries, pamphlets on special subjects, and the like.

During the year 1934 there was issued a total of forty-seven municipal reports which is by far the greatest number published during any annual period of the eight years since this section was created. Sixteen of these general municipal reports easily lend themselves to appraisal on the basis of the criteria set up by the author eight years ago for that purpose. This figure compares with thirteen in 1933, and ten in 1932. The cities with brief comments on their reports follow:

Berkeley, California (82,109): 64 pages. Rating 95. This report reaches a high mark in public reporting. Especially commendable is the listing of the number of employees and total expenditures at the beginning of each activity or function. The charts are well selected, simple, and convincing. The financial statistics are clear and concise.

Alameda, California (35,033): 90 pages. Rating 94. A very attractive report. Its force is weakened somewhat by insufficient condensation and failure to emphasize the important facts. Its chief fault, however, is its length.

Auburn, Maine (18,571): 48 pages. Rating 94. Almost as attractive as the Berkeley report and is well illustrated by charts and diagrams. It contains an excellent summary of chief accomplishments and a list of recommendations.

Cincinnati, Ohio (451,160): 70 pages. Rating 94. This report maintains the high level of public reporting characteristic of Cincinnati. Especially commendable are the letter of transmittal and the financial statement of departmental operating expenditures.

Two Rivers, Wisconsin (10,083): 52 pages. Rating 94. An excellent report in almost every particular. The lateness of issue is the most that can be said against it.

Albert Lea, Minnesota (10,169): 23 pages. Rating 92. Issued in pocket size and only twenty-three pages, yet it contains probably all that the citizen cares to know about his city government.

Dayton, Ohio (200,982): 76 pages. Rating 91. An attractive report and well organized, but fails to emphasize important facts by not using a greater number of charts.

Norfolk, Virginia (129,710): 76 pages. Rating 91. This is especially commendable for the letter of transmittal and the policy of comparing the number of employees and total expenditures at the beginning of each activity.

Ft. Atkinson, Wisconsin (5,793): 44 pages. Rating 89. A good report. Its failure to emphasize important points is its chief defect. Of especial interest is its summary of "items of interest gleaned from the report", which would probably have been more effective at the front of the report instead of on page 22.

Austin, Texas (53,120): 81 pages. Rating 87. Except for the cover, this report lacks tone; otherwise it is very good.

Lynchburg, Virginia (40,661): 103 pages. Rating 87. Anyone who has ever seen a Lynchburg report would immediately identify this one. Perhaps this rigid uniformity and its size and length are the most important points in its disfavor.

Kenosha, Wisconsin (50,262): 92 pages. Rating 85. For many years Kenosha has been issuing an excellent report. It is enough to say that this is a shade better than its predecessors.

Oregon City, Oregon (5,761): 53 pages. Rating 85. Not so attractive as some of the other reports and a bit short of illustrative material—still a very commendable report.

Milwaukee, Wisconsin (578,249): 150 pages. Rating 80. There are only three things that can be said against this very attractive and comprehensive report—it is too long and it fails to include an administrative organization chart and a letter of transmittal. Otherwise this report would rank with the very best.

San Mateo, California (13,444): 14 pages. Rating 77. An exceptionally good example of good reporting even though it is totally lacking in charts and graphs to illustrate important facts and trends.

Stratford, Connecticut (19,212): 60 pages. Rating 76. This planographed report, while a bit less attractive than the conventional printed report, still merits a high rating. It by no means exhausts the possibilities of this type of printing, however.

WORTHY OF MENTION

Annual reports issued by cities other than those named above and appraised herein, but still well worthy of mention are:

Colorado—Colorado Springs; *Connecticut*—Stamford; *Florida* — Tallahassee; *Georgia*—Columbus; *Illinois*—Winnetka; *Kansas*—Atchison; *Maine*—Belfast, Brewer, Mount Desert, and Washburn; *Massachusetts*—Mansfield and Stoughton; *Michigan*—Ironwood and Kalamazoo; *Nebraska*—Alliance; *New Jersey*—Teaneck; *New York*—Middletown and Niagara Falls; *North Dakota*—Minot; *Ohio*—Ironton, Bedford and East Cleveland; *Pennsylvania* — Carlisle; *Virginia* — Fredericksburg and Front Royal; *West Virginia*—Bluefield and Hinton; *Wisconsin*—Rhinelander and Stevens Point; *Canada*—Chatham and Westmount.

BASES OF APPRAISAL

The twenty criteria upon which the grading of these twelve reports was based are:

I. DATE OF PUBLICATION

1. *Promptness.*—The report will have little value unless published soon after the end of the period covered—six weeks as a maximum.

II. PHYSICAL MAKE-UP

2. *Size.*—Convenient for reading and filing, preferably 6" x 9".

3. *Paper and type.*—Paper should be of such a grade and the type of such size and character as to be easily read.

4. *Important facts.*—The more important facts should be emphasized by change of type or by artistic presentation.

5. *Attractiveness.*—The cover, title, introduction, and general appearance should aim to attract the reader and encourage further examination.

III. CONTENT

A. *Illustrative Material*

6. *Diagrams and charts.*—Certain established rules should be followed to insure an accurate and effective presentation.

7. *Maps and pictures.*—A few well-chosen maps to indicate certain improvements, and a liberal supply of pictures, pertinent to the report, should be included.

8. *Distribution.*—Great care should be exercised in placing the illustrative material contiguous to the relevant reading material.

B. *Composition*

9. *Table of contents.*—A short table of contents in the front of the report is a great aid for ready reference.

10. *Organization chart.*—An organization chart or table indicating the services rendered by each unit, if placed in the front of the

TABLE I

COMPARATIVE RATINGS OF MUNICIPAL REPORTS

Explanation—The number "5" denotes approach to an acceptable standard, while "0" indicates the value on that particular criterion to be practically negligible. Intervening numbers denote the degree of variation between these two extremes. A total of 100 would indicate a perfect score.

Criteria	Alameda, Calif.	Albert Lea, Minn.	Auburn, Maine	Austin, Texas	Berkeley, Calif.	Cincinnati, Ohio	Dayton, Ohio	Ft. Atkinson, Wis.	Kenosha, Wis.	Lynchburg, Va.	Milwaukee, Wis.	Norfolk, Va.	Oregon City, Ore.	San Mateo, Calif.	Stratford, Conn.	Two Rivers, Wis.
I. Date of Publication																
1. Promptness	4	5	4	3	3	4	2	1	0	2	2	1	2	3	1	3
II. Physical Make-up																
2. Size	5	4	5	5	5	5	5	5	5	3	5	5	5	5	5	5
3. Paper and type	5	5	5	5	5	5	5	5	5	5	5	5	4	5	3	5
4. Important facts	4	4	4	3	5	4	4	3	4	4	4	5	4	3	3	4
5. Attractiveness	5	5	5	4	5	5	5	4	4	4	5	5	4	4	3	5
III. Content																
A. Illustrative Material																
6. Diagrams and Charts	4	4	4	4	5	4	4	4	4	5	4	4	4	0	3	4
7. Maps and pictures	5	3	4	4	5	5	5	4	4	4	5	4	2	4	3	5
8. Distribution	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5
B. Composition																
9. Table of contents	5	5	5	5	5	5	5	5	5	5	5	5	5	0	5	5
10. Organization chart	5	5	5	5	5	5	5	5	5	5	0	5	5	0	5	5
11. Letter of transmittal	5	5	5	5	5	5	5	5	5	5	0	5	5	5	5	5
12. Recommendations and accomplishments	5	2	5	4	4	4	4	5	3	4	4	4	3	4	2	5
13. Length	3	5	5	3	4	4	3	5	3	2	1	3	4	5	4	4
14. Literary style	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5
15. Arrangement	4	5	5	5	5	5	5	5	5	5	5	5	5	5	3	5
16. Balanced content	5	5	5	4	5	5	5	5	5	5	5	5	4	5	5	5
17. Statistics	5	5	4	4	5	5	4	4	4	5	5	5	4	5	4	4
18. Comparative data	5	5	5	4	4	4	5	4	4	5	5	5	5	4	3	5
19. Financial statements	5	5	4	5	5	5	5	5	5	4	5	5	5	5	4	5
20. Propaganda	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5	5
Totals	94	92	94	87	95	94	91	89	85	87	80	91	85	77	76	94

report, will help the reader to a clearer understanding of what follows.

11. *Letter of transmittal.*—A short letter of transmittal which either contains or is followed by a summary of outstanding accomplishments and recommendations for the future should open the report.

12. *Recommendations and accomplishments*—A comparison of past recommendations with the progress toward their execution will serve as an index to the year's achievements.

13. *Length.*—Fifty pages should be the maximum length.

14. *Literary style.*—The text should be clear and concise, reflecting proper attention to grammar, sentence structure, and diction.

15. *Arrangement.*—The report of the various governmental units should correlate with the organization structure, or follow some other logical arrangement.

16. *Balanced content.*—The material should show a complete picture, and each activity should occupy space in proportion to its relative importance.

17. *Statistics.*—Certain statistics must be included, but wherever appropriate, they should be supplemented by simple diagrams or charts.

18. *Comparative data.*—The present year's accomplishments should be compared with those of previous years, but only with full consideration of all factors involved.

19. *Financial statements.*—Three or four financial statements should be included, showing amount expended and the means of financing each function and organization unit.

20. *Propaganda.*—It is unethical and in poor taste to include material for departmental or personal aggrandizement. Photographs of officials, especially of administrators, seem out of place in a public report.

COMPARISON WITH PREVIOUS YEARS

In those cities that have been issuing annual reports for the last several years, there has been a noticeable improvement as indicated by Table II.

TABLE II

City	1928	1929	1930	1931	1932	1933	1934
Austin, Texas	54	65	81	82	88	89	87
Auburn, Maine			72	69	88	89	94
Cincinnati, Ohio	83	87	89	89	93	93	94
Kenosha, Wisconsin	79	68	79	79	79	83	85
Two Rivers, Wisconsin	67	78	84	86	92	85	94
Wichita, Kansas			68	72	92	92	—
Average Rating	71	74	79	80	89	89	91

Table III below summarizes the appraisal of all municipal reports included in this section during the past eight years.

TABLE III

	1927	1928	1929	1930	1931	1932	1933	1934
Number of Reports Reviewed	12	17	20	16	14	10	13	16
Average Length (pages)	90	78	90	60	72	75	66	68
Promptness in Issuing Report (in months)	4.5	3.7	4.7	4.1	3.7	3.2	4.1	4.2
Physical Make-up (per cent)	78	78	82	86	81	82	87	90
Illustrative Material (per cent)	62	58	65	74	74	83	87	86
Composition (per cent)	64	66	72	79	85	89	87	87

From the foregoing it is evident that improvement is discernible in both the quantity and quality of annual municipal reports. It is encouraging to observe a distinct increase in the number of cities issuing reports. At last it appears that city administrators are becoming aware of the necessity for keeping the public informed on public matters in order to develop sustained and intelligent citizen interest and support.

PARTY AND GOVERNMENT CONTROL

(Continued from Page 18)

The results of the recent election have led not a few editors, even some who are supporters of the Republican party, to raise the question as to whether the country is not witnessing the passing of a major political party. It has led responsible Republican leaders to sound the call for new blood and more imaginative leadership. The question naturally arises as to whether the hope and prospects of rehabilitating the Republican party do not lie with the younger generation. This brings home the need of having a younger generation trained in the analysis and understanding of public affairs and imbued with a conviction as to its responsibility for sharing, as a definite avocation, in political duties from which such a leadership can be recruited. The upper levels of our educational system are challenged today as never before. They should assume the responsibility that they have so long considered to be theirs but never accepted. The training of youth in the realities of economics and politics, instead of in the forms and structures of government, is now mandatory. It is no less necessary that this training should include a stimulation to assume the burden of party activity.

Finally, the ways should be made smooth whereby young people can enter into party activities with all that that involves. Tens of thousands of young men and women up and down the country would be glad to serve a real apprenticeship if they only knew where to begin. As it is today, the bridge between academic life and party interest is trod largely by those who are seeking some personal advantage, comparatively rarely by those who look upon politics as an avocation and one which is prescribed if self-government is to exist and endure. The time has definitely come for the systematic recruitment of the abler and more public-spirited of our youth into the ranks of party workers.

The Police Attack Crime

A thorough overhauling of police methods and criminal procedure urged at round table conference on police and crime.

DONALD C. STONE

Director, Consulting and Research Division, Public Administration Service

THE problem of controlling crime, which has been a serious one for many years, is at last receiving the attention which its importance merits. In all levels of police administration consideration is being given to the solution of critical problems. Forward-looking proposals were brought into focus at the round table on police and crime at the recent conference of the National Municipal League.

The group was unanimous in agreeing that changes in social customs—the rise of the automobile, high powered systems of transportation, the centralization of economic activity, the radio, movies, and similar developments—have contributed to creating a totally different police problem. The kind of personnel, procedures, and theories of criminal justice of twenty years ago no longer apply today. The growth of racketeering in its many vicious forms illustrates the changed aspects of crime.

Police representatives at the round table pointed out that until 1929 no information of a nation-wide character was available concerning the amount, nature, and location of crime, but that the Committee on Uniform Crime Records of the International Association of Chiefs of Police had developed a system of crime reporting which is now operated by the United States Department of Justice. Comparisons over a few years are now available for the first time. Recent reports published by the Department of Justice show that murder, robberies, and auto thefts have decreased during the past year as compared with previous years whereas burglaries and larcenies have increased somewhat.

Major attention was devoted to federal-state-municipal police relationships. The participants believed that federal police agencies should be further consolidated and made more effective, through increase in personnel and further expansion of jurisdiction, to include all crimes of an essentially interstate nature. It was not thought desirable for the federal government to go further than this, there being real danger in too much centralization of police authority. Personnel recruiting, training, administrative and police science, and tactical methods employed by the Division of Investigation of the United States Department of Justice were believed to offer police patterns which state and local forces might copy to advantage.

With respect to state and local police agencies, the proposal was looked on with favor that all cities should maintain their police departments free from state control, but that all area within the state outside of the cities should be policed by a state police force. An alternative was suggested for rural policing to the end that counties be consolidated and county forces be maintained in the more populous ones. However, only a very small percentage of the counties even with consolidation would contain sufficient population to warrant the size of force necessary to permit the kind of specialization indispensible in modern police administration. No one at the round table came to the defence of the sheriff system which was condemned as an outworn, ineffective, and political institution.

Consolidation of municipal police was also urged. Around urban centers, satellite cities maintain their separate departments with a resulting loss of police effectiveness. The communities which are too small to establish a well organized department should either be consolidated with adjoining departments, if any, or should be policed by the state.

Crime prevention was emphasized as a new attack which the police must make on crime. Effective repressive and apprehension methods were believed to be the first link in a prevention program. The change from foot to motorized patrol has made the patrolman less useful in his constructive contacts along the beat. He comes in less personal contact with the families and individuals and thereby is not able to identify problem situations readily. To compensate for this loss and to apply better methods of treatment to delinquent and problem cases, police departments have established policewomen and crime prevention bureaus. Some of these have not been as effective as they should because of incompetent and inadequate personnel.

A higher standard of police personnel and the elimination of politics from the force was demanded by all participants at the round table. The complex ramifications of police work and the great variety of scientific methods needed require intelligent and well trained men. Commendation was made of the widespread use of the police adaptability test prepared by the United States Civil Service Commission and made available by the Public Administration Service. An intensive program of research in personnel requirements and test methods was recommended. The adoption of a formal recruiting system and the subjection of all police to extensive training was believed to pave the way for the elimination of politics by persuading the public that police administration is a professional and technical calling.

Great expansion of police training was proposed. One police executive stated that six months of continuous training was not sufficient to equip his recruits with the necessary police elementaries before being exposed to front line of duty.

Favorable reference was made to the training schools in some of the larger city departments, and to the state-wide programs conducted by some of the state leagues of municipalities, and state associations of chiefs of police. But they are just scratching the surface. The participants considered approvingly the suggestion that the federal government take the initiative working through the state governments and state municipal leagues and police associations in providing training facilities for persons desiring to enter police work as well as for those already within the service.

Methods of coördinating the police with other law enforcement agencies was argued at length. While recognizing the need of tying the police and prosecution more closely together, the group was not unanimous in proposing that the police should do their own prosecution as in England. All agreed, however, that the police should at least add a legal staff to assist the investigating officers in preparing the cases turned over to the prosecution agency and to see that all appropriate evidence is secured. The coördination of federal prosecution with the division of investigation was commended.

A thorough overhauling of criminal procedure was urged by the round table delegates. This would include the elimination of technicalities, the elimination of steps which favor the defendant and hinder the ascertainment of truth, and the reorganization of justice agencies to provide a more administrable and efficient system. The model code of criminal procedure formulated by the American Law Institute and federal procedure were suggested as excellent guides in this revision process.

Coördinating councils found favor in the eyes of the delegates. These councils, which are particularly prevalent on the west coast, consist of the heads of the several law enforcement and social agencies in the community who meet together frequently to discuss common problems and to map out crime prevention programs. Some councils employ a technical staff. In this way duplication can be eliminated while gaps in the welfare and criminal justice machinery can be closed.

CLEVELAND STILL DISSATISFIED

(Continued from Page 31)

some fundamental error, some deep-seated poison, in the ideas and methods which unfailingly produce the same hideous results?

Is not the answer to be found in that other fact in which we so radically differ from them, the fact that we are the only civilized people who *elect* municipal executives who are to handle great sums of money, dispose of enormous patronage, and exercise great police powers and are expected, as a matter of course, to use all of these to pay their private political debts, promote their political fortunes and generally advantage themselves in any safe way?

We Americans have long treated politics as a thing apart and the public business as something outside of all of the ordinary rules of business. Is it not time that we have done with this folly?

Have we any right to complain of the bitter fruits of a national apathy and folly which has allowed the very sources of government to be corrupted by thievery and embezzlement on the grand scale? Is not the rooting out of these evils the first and inescapable preliminary to real improvement of government in this country?

Do I seem to leave little room or incentive for the effort to bring in better methods of government, such as P. R. and the manager plan? By no means. It is when the old methods of municipal government are brought into conflict with the ideals and methods of the manager plan that we realize precisely what it is that we are fighting. A fine ideal is the first essential to fine achievement along any line. The pursuit of such an ideal not only brings us sharply up against sordid reality but gives us faith and power to overcome it. And nobody knows better than those who temporarily destroyed the manager plan in Cleveland that it, or something like it, will ultimately prevail.

As for P. R., it or something like it will surely prevail at last because it provides a better form of representation of the elements to be governed and the ideal government must finally be the one which most truly knows, expresses and enforces the will of all its people.

Editor's Note. Address delivered at the annual dinner of the Proportional Representation League, held in conjunction with the National Conference on Government, Pittsburgh, November 27, 1934.

NEWS OF THE MONTH

NOTES AND EVENTS

Edited by H. M. Olmsted

City Manager Defeats and Triumphs.—On November 27 Little Rock, Arkansas, (see following note) and Norfolk, Nebraska (population 10,717), defeated city manager charter proposals. On the other hand, Limerick, Ireland (population 38,578), has just adopted the city manager plan; Washington Courthouse, Ohio, (8,426) also approved the plan at the November 6 election, to go into effect January 1, 1936.

The Irish government is reported to have the intention to introduce legislation to provide for county managers throughout the entire Irish Free State.

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Little Rock, Arkansas, Disapproves Home Rule City Manager Proposal.—Little Rock (population 81,659), the capital of Arkansas, by a vote of 1,607 to 2,022 on November 27 turned down a home rule measure providing for a charter commission empowered to establish city manager government.

Certain defects in state laws providing for city manager government were brought out, and it is expected that the 1935 legislature will be asked to correct them. By the law authorizing home rule the charter commission was permitted to select a board of control which would "elect a manager and such other officers as may be necessary to properly run and conduct the affairs of the city . . . " The first board of control might thus not be a representative body, and might be expected to elect more officials than the city manager idea contemplates.

Although Arkansas law provides for city manager government in cities within certain population ranges, not a single city has voted to operate under this form. As a result of interest aroused by Little Rock's experience, several smaller cities are weighing the possibilities of city manager government for them.

Kenneth O. Warner
University of Arkansas

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Federal and Municipal Coöperation.—The executive board and a special committee of the International City Managers' Association has prepared a statement suggesting action to be taken in order to improve the relations of cities and the federal government as to relief, public works, and housing.

The following recommendations on relief are included:

1. That the federal government establish as soon as possible a federal department of public welfare to replace the temporary emergency organization.
2. That this federal welfare agency adopt and announce a long-time relief program, so that local governments may make adequate plans for at least two years.
3. That more attention be given to the area of administration so as to include a territory large enough to secure effective management of relief and welfare, with centralized responsibility but decentralized administration.
4. That the work program be expanded and that wage rates for work projects be no higher than prevailing wages for similar work in the particular locality.

With regard to public works, the Association's main recommendations are:

1. That there be but one federal agency to deal with cities in all public works matters and that the country be divided into regions for decentralized administration.
2. That responsibility for direct supervision

and inspection of work be given to local units of government, subject to the general supervision of regional administrators.

3. That regulations be simplified, payments on grants speeded up and cities given the benefit of the interest rates available to the federal government.

The Association's suggestions for housing are:

1. That the FERA encourage a wider use of white-collar workers on housing, traffic, and other surveys to determine all relevant facts on housing conditions.

2. That the housing division of PWA encourage local units to create housing authorities to coöperate with the federal government and to assume responsibility for developing programs for improving housing.

3. That the housing division of PWA, in coöperation with city officials, develop a definite long-time program for improving housing conditions.

*

City Attorneys Organize.— The Institute of Municipal Law Officers was formed by city attorneys meeting in Chicago recently as an organization of law officials of cities of 50,000 or more. It will constitute a central clearing house for mutual aid on their problems. City legal problems and legislation beneficial to municipal corporations will have the special attention of the Institute.

Henry E. Foley, corporation counsel of Boston, was elected president and Raymond J. Kelly, corporation counsel of Detroit, vice-president. Paul V. Betters, executive director of the American Municipal Association and the United States Conference of Mayors, will act in the same capacity for the attorneys. Headquarters will be at 850 East 58th Street, Chicago.

*

Idaho Approves Minor Amendments but Defeats Important County Changes.— Idaho voters acted upon six proposed constitutional amendments at the general election on November 6. Four were approved. The rejection of the other two—in many respects the most significant ones—confirms the often repeated observation that public opinion still has an abiding faith in the value of checks as a safeguard of its welfare.

A proposal to permit six-men juries in minor civil cases was approved, 84,170 to 35,783. An amendment providing for repeal of the prohibition clause in the Idaho constitution, and conferring full power of liquor regulation upon the legislature was approved, 85,469 to 53,788. A proposal to make permanent the statutory requirement for nonpartisan election of the judiciary was approved, 76,050 to 37,856. The electorate also adopted, by a vote of 61,319 to 53,257, an amendment changing the term of county commissioners to four years for two of the three members of each county board, the third member to be elected for two years only. The principal argument for this change was that the presence of at least one experienced member on the board would assure some continuity from year to year.

Two other amendments, aimed at correcting definite weaknesses in the governmental structure, were lost. The first of these was for the purpose of making the initiative and referendum clause of the Idaho constitution workable. Although adopted in 1911, it has never been used. According to the existing arrangement a measure must receive an absolute majority of all votes cast for governor at any election in order to become law. The amendment up for consideration stipulated that any measure receiving a majority of the votes cast on the issue would become law. Although the Idaho constitution itself can be amended by the latter procedure, the electorate, by a vote of 53,415 to 54,949, refused to endorse this principle for ordinary statutes.

The final amendment, and the one which seemed to offer the greatest possibilities for the future, provided that the only constitutional elective officials in the county would be the county board of three commissioners, and empowered the legislature to enact legislation covering other county officials. The object in view was to permit some degree of flexibility in county government and at the same time open the way toward future concentration of responsibility through consolidation of offices.

With a total population of 445,032, Idaho is divided into forty-four counties, varying widely in population and wealth. Each of these counties, by virtue of constitutional provision, has the same governmental setup, with a county board, sheriff, prosecuting attorney, probate judge, auditor, assessor, treasurer, superintendent of schools, surveyor, and coroner, not to mention one or more justices of the peace. The amendment failed, 70,855 to 38,503. Undoubtedly fear of legislative caprice was responsible for many negative votes from the more thoughtful portion of the electorate; but if the amendment had passed, it would have permitted county classification and possibly statutory home rule for counties. This would have served as an entering wedge and undoubtedly would have paved the way for further progressive modification in the future, such as some type of reorganization in the direction of the county executive.

L. H. Chamberlain

University of Moscow

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Legislative Coöperation Regarding Traffic Law Problems in West.— When legislatures of eleven western states—Arizona, California, Colorado, Idaho, Montana, Nevada, New Mexico, Oregon, Utah, Washington, and Wyoming—meet in January 1935, they will consider recommendations of the Western Motor Vehicle Conference for bettering the regulation of highway use. The executive committee of the conference, whose members are legislative and administrative officials from the eleven states, met on December 17-18 in Phoenix, Arizona, to give final study to these recommendations, which were drawn up at a conference held in Salt Lake City last June.

*

Civil Service Publicity and Improvement.— The Municipal Civil Service Commission of the City of New York has emphasized to New York newspapers and trade journals that the effective functioning of the commission depends largely upon such channels of publicity. It has invited suggestions from those sources as to methods of getting information to the public in order that better qualified candidates can be secured for city positions and, on the other hand, to prevent excessive numbers of applicants from preparing for limited numbers of positions; and also to assist the commission's efforts to stop violations of the merit system and to fit compensation to the type of service.

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Reorganization of State Government Expected in Oregon.— As reported by Wallace S. Wharton in the *New York Times* for December 16, reorganization of Oregon's state government through abolition of the state board of control, consisting of the elected governor, secretary of state, and state treasurer, will be one of the first interests of General Charles H. Martin when inaugurated governor on January 14. The establishment of the cabinet form for all executive branches is considered a likely alternative. The legislature is expected to coöperate. The three-man board has been the real executive power of the state in the formulation and execution of policies, although the governor is charged with ultimate responsibility in the eyes of the people and largely by the law. The result tends to be chaotic and irresponsible.

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Rehousing Assumes Increased Importance.— New emphasis has been placed by the federal administration upon housing as a means of relief and recovery, and it is expected that public housing activities will be accelerated.

The National Association of Housing Officials has issued a report entitled "A Housing Program for the United States," recommending the definite recognition of governmental responsibility for housing the low-income groups of citizens whose housing needs are not taken care of adequately by ordinary commercial enterprise, and suggesting the following ultimate distribution of duties in a housing program:

> 1. The federal government would be prepared to use its credit and to give financial assistance in forms likely to stimulate local initiative and local participation in the cost. It would enact for itself and encourage the enactment by the states of legislation giving suitable powers. It would formulate general and regional standards and would coördinate all branches of the work. It would collect and distribute relevant information, undertake research, and make trial demonstrations.
>
> 2. The states would enact suitable legislation enabling appropriate agencies to be set up with adequate powers, which would include those for acquiring land by condemnation, for financing, and for making contributions to the cost. They should undertake regulation and regional oversight. . .
>
> 3. Upon the local governments or upon special local agencies associated with them, would be gradually devolved the responsibility for assuring the provision of, and maintaining, housing accommoda-

tions adequate in standard for their citizens. . .

According to the first number of *Public Housing Progress,* published by the National Public Housing Conference, New York City, under date of November 15, the housing activities now under way through financing by the Public Works Administration include the demolition of 250 houses in New York City as part of a slum clearance program; the acquisition of options for 64 per cent of the property for the Williamsburg housing project in Brooklyn, N. Y.; condemnation proceedings in an area of thirty-seven blocks in Chicago; the destruction of houses in Atlanta preparatory to low-rent housing construction; and progress in the construction of the Louisville housing project is also reported. Later information from the Conference is to the effect that work is being pushed to develop thirty-nine projects in thirty-three cities which have been approved by Colonel Horatio B. Hackett, director of the Housing Division, PWA. However, only seven states—New York, Ohio, Michigan, Kentucky, West Virginia, South Carolina and Illinois—have enacted legislation permitting the organization of local housing authorities; such authorities have been established in New York City and Schenectady, New York; Cleveland, Cincinnati, Toledo, Columbus, Dayton and Youngstown, Ohio; Detroit, Michigan; and Columbia, South Carolina. A recent bulletin of the Housing Division says of municipal housing authorities: "While the present emergency places authorities in an advisory rather than initiative capacity, the PWA hopes they will shortly be in a position sufficiently qualified to undertake full responsibility for all future activities within their jurisdiction." Cities without authorities are by no means barred from submitting projects.

In some cities, including Richmond, Atlanta, Birmingham, Indianapolis, Miami, Louisville, Milwaukee, Montgomery, Nashville, New Orleans, Philadelphia, Chicago and Schenectady, advisory committees have been appointed by the PWA to coördinate the activities of local authorities and civic organizations, and to assist the housing division during the period of development and reconstruction. These may be the precursors of municipal housing authorities in their communities.

COUNTY AND TOWNSHIP GOVERNMENT

Edited by Paul W. Wager

Virginia—Uniform System of Accounts and Legal Records Established in Counties.—When the state government, a few years ago, instituted through the state auditor's office an audit of county treasurers the conditions found were little short of chaotic; book-keeping and accounting methods were poor, and shortages in the accounts of county treasurers were the rule rather than the exception. The fact that the audit this year (1934) showed no shortages is due no doubt to the uniform system of accounting established by the state auditor's office, as well as to the effective state fiscal supervision.

When the state-wide trial justice system went into effect this year the state auditor, Mr. Downs, reminded of our experience in the county treasurer's office, hastened (within fifteen days) to install in each of the new county offices a uniform system of accounting and a system of keeping legal records. The latter system includes three separate dockets, namely, a criminal docket, a civil docket, and a juvenile and domestic relations docket. These printed forms call for all pertinent information and will enable trial justices to avoid the chaos of accounts and records found in previous state contacts with county governments.

James E. Pate

William and Mary College

Wisconsin—Milwaukee Voters Favor City-County Consolidation.—The voters in the city and county of Milwaukee gave a decisive majority on November 6 to city-county consolidation in that district in two advisory referenda. The following question was submitted to the voters of the city of Milwaukee: Do you favor changes in the law which will make one officer elected in each assembly district in the city of Milwaukee the representative of said district on both the county board of supervisors of Milwaukee County and the common council of the city of Milwaukee?

A second question, as follows, was submitted to both city and county voters: Do you favor effecting by such county board, or legislative action, or amendment to the state constitution as may be necessary, consolidation of municipal services and governments in Milwaukee County?

The cities of Milwaukee, West Allis, and Cudahy and the county as a whole favored consolidation. This vote was expected in Milwaukee city, but the action of the voters in West Allis and Cudahy is considered a surprise. Every ward in Milwaukee city approved the propositions emphatically. As was to be expected, most of the suburbs voted against the proposal, although in some instances the vote was close. In Milwaukee city the vote on the consolidation of council and board of supervisors (as far as city representatives are concerned) was: yes, 95,406; no, 24,866. On general consolidation the city voted: yes, 88,845; no, 19,855. The vote for the county as a whole on the subject of general consolidation was: yes, 102,895; no, 39,827.

The question of city-county consolidation in this area was agitated as early as 1906. The problem has been actively stressed this year. Discussion in the early part of the year led to a general demand that the county board and the common council appoint a committee to study the question. These bodies accordingly provided for a joint committee on consolidation, composed of thirty citizens, headed by John Doerfler, a former Socialist alderman, and including Frank E. Baker, president of the Milwaukee State Teachers' College and Henry Ohl, president of the State Federation of Labor. Richard E. Krug, municipal reference librarian, acted as secretary. At the request of this committee, the county board and the common council voted in the fall to place the advisory referenda on the ballot. Since neither is binding upon the regular legislative bodies, future action will rest with the local boards, the state legislature, and the voters of the entire state.

This fall the joint committee issued a number of interesting reports on the situation of overlapping governments in the area. This section includes ninety-three taxing units composed of sixty-four common school districts, five city school districts, five vocational school districts, five cities, five villages, seven towns (townships), one county, and a metropolitan sewage district. These units elect 464 public officials, who in turn employ 13,000 other civil servants. Eighteen county board members are elected from the same territory which sends twenty-seven aldermen to the city council.

Elections in the county are managed by eighty-three independent units. The city of Milwaukee and Milwaukee County maintain separate election commissions.

Property assessment is divided among seventeen independent assessment departments, of which only the cities of Milwaukee and West Allis have mechanized the clerical work on assessment and tax rolls. Eighty-two local public treasurers are popularly elected. Eleven agencies have a hand in the collection and distribution of public money. At the same time, the city of Milwaukee has enough mechanical devices in treasury work to care for the entire county.

Milwaukee County's fifty-five parks are in the hands of seven different overlapping governments. The development of the lake front is controlled by four separate units. The city operates three parks in the county outside the city limits, while the county operates three parks in the county inside the city limits. The city of Milwaukee operates a park in the village of Fox Point. Duplication of expensive machinery is one of the results. The joint committee pointed out the necessity for a unified park police system.

Added to this are eleven fire departments, a large number of separate police services, and seventeen health departments, only two of these affording a full time health official, and only eleven employing full time nurses. The city of Milwaukee alone is able to afford a completely organized public works department.

The joint committee's recommendations include the authorization by the legislature of a new form of local government for Milwaukee County, subject to approval by local referendum; the formation of zones in the county with differential tax rates; the abolition by amendment of constitutional offices unsuited to the new form; the provision by constitutional amendment for gradual consolidation of individual services, and an amendment to provide that debts contracted prior to consolidation should remain burdens of the original area alone.

Opposition comes from communities seeking to preserve local identity, political positions, and favorable financial positions, the latter in part based on the system of state aids.

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Optional County Commission System Declared Unconstitutional.—The supreme court of Wisconsin, in a decision handed down November 6 (*State ex rel. Wally Adams et al. v. Jonas Radcliffe* et al.) declared unconstitutional the statute (section 59.95 Wisconsin Statutes) which authorizes counties to adopt the commission form of government in lieu of government by the large county board of supervisors. The case involved action by members of the former county board in Vilas County who challenged the right of five recently chosen county commissioners to hold their offices. The section of the constitution upon which the decision was based is Article IV, section 23, which provides: "The legislature shall establish but one system of town and county government, which shall be as nearly uniform as practicable." The opinion, written by Justice Wickhem, said: "It is evident that the requirement that there shall be but one system is absolute." The court was "unable to escape the conclusion that section 59.95 makes optional with all counties, save one, the adoption of a fundamentally different system or form of county government, and thus violates the constitutional requirement of unity."

Rusk and Burnett counties have operated under the commission form for some years. Vilas, Douglas, and Sawyer recently adopted the system.

The decision constitutes a sharp reversal of the growing trend towards modernization of the antiquated system of county government in Wisconsin. As a result, barring the adoption of the commission form for Wisconsin as a whole, certainly highly improbable, the only course remaining is the tedious process of constitutional amendment. The court has forcefully demonstrated anew the need for a general revision of constitutional systems.

Lee S. Greene

University of Wisconsin

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Kentucky—Looking Toward Consolidation.—The Kentucky Tax Reduction Association is interested in promoting the idea of county consolidation in the Blue Grass State. Recently it published a brief statement of pertinent facts on Kentucky counties with the idea of consolidation in mind. Some of the more interesting of these facts are:

Kentucky has more counties than any state in the Union except Texas and Georgia. Yet there are thirty-five states larger than Kentucky. One county in California is more than half the size of the entire state of Kentucky.

Today there is a courthouse within twenty minutes drive of any point in forty-nine counties, traveling in a twenty-year-old Model T, on twenty cents worth of gasoline.

In forty counties the county seat has a population of less than 1,000 people. In twenty-nine counties the total population of each is less than 10,000.

There are fifty-seven counties in which the assessed valuation of all property is less than the assessed valuation of three office buildings in Louisville.

In thirty-four counties the total revenue deprived from local taxation is less than the amount of state aid paid to those counties. Forty per cent of all state aid comes from two counties.

Seventeen counties are not getting enough local tax revenue to pay ordinary overhead expense and interest charges on their county debt, leaving less than nothing for direct services to the people of those counties.

There are numerous groups of three adjoining counties which cost approximately twice as much to run as a single county of approximately the same size and population. The natural conclusion is that if three adjoining counties were combined into one, throughout the state, the cost of county government in Kentucky would be cut approximately in half.

The constitution of the commonwealth provides that the general assembly "may abolish counties." The law now provides for separate taxing districts, which would make it possible to pay off the present county debt by taxes levied within the present boundaries of counties, and not impose the debt burden of one county upon another, as a result of consolidation.

J. W. Manning

University of Kentucky

TAXATION AND GOVERNMENT

Edited by Wade S. Smith

Buffalo Tax Drive Continued Through December 31.— So successful has been the Pay Your Taxes Campaign sponsored and directed by the Buffalo Junior Chamber of Commerce that on recommendation of Mayor Zimmerman it has been continued through December 31, according to information received from Mr. Denton A. Fuller, Jr., chairman of the campaign committee. As of November 28, some $2,700,000 in cash and $2,000,000 in pledges to pay under a five-year installment plan had been received. City Treasurer James D. Hoban is confident that by the end of the campaign over $5,000,000 will either be paid in in cash or pledged.

The total delinquency represented by tax certificates owned by the city as of June 1 was $7,448,465. As of November 28, 8,000 delinquents had paid their back taxes in cash and 6,000 had pledged to pay on the installment plan. "This means," writes Mr. Fuller, "that 14,000 out of the 18,000 delinquents have become taxpaying citizens during the campaign."

In addition to the delinquent collections, substantial credit for the current year's collections of about $2,000,000 more than at November 30, 1933, is attributed to the campaign. As of November 30, 1934, 46.21 per cent of the current levy of $24,614,897 was collected as compared with 44.9 per cent for the same period in 1933 on a levy for that year of $21,262,218.

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Special Bureau Collects for San Francisco.—Collections in the first quarter of the current fiscal year of a total of over $325,000 in delinquent items, of which some $295,600 was from the delinquent tax list of the fiscal year 1933-34, on an expenditure of but $2,700 of the budget allowance of $10,000, is the record of the Bureau of Delinquent Revenue Collections of San Francisco. The bureau was created in March, 1932, and handles not only tax items but also every type of account originating in any department which is 90 days delinquent.

Writes Director I. A. Richardson of the Bureau: "We have utilized every available collection medium, aside from the strict requirements of the law where judgments have been obtained. In many of these cases we did not attempt to execute upon said judgments in the manner prescribed by law, nor did we endeavor to confiscate the person's property. We utilized a type or form of subpoena, which carried great weight in bringing in people who previously had been notified by letter or otherwise." Persons subpoenaed appear before the department and are examined to determine their ability or inability to pay, with appropriate action following.

Over a period of two years and seven months, the department has been able to collect about three-quarters of a million dollars. For accounts other than real property taxes, a partial payment system, discretionary with the director, has been established.

San Francisco has made the most notable collection record for any city in its population class, according to the compilation of tax delinquency made early last year by Dr. Frederick L. Bird. Its percentage of delinquency (real property tax) for the year ending 1933 was only 5.4 per cent.

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Ohio Passes Sales Levy to Meet Tax Limit Crisis.—The Ohio legislature, meeting in special session, adopted on December 12 a tax program to meet the extraordinary needs for new revenue caused by the reduction of the property tax limit from 1.5 per cent to 1 per cent. A 3-cent sales tax, continuation of a 1-cent fuel tax for schools and other levies, and an increase of the tax on productive intangibles from 5 to 6 per cent, were among the items on the tax program.

The sales tax is expected to gross $60,000,000, of which some $20,000,000 is expected to go for state purposes, according to *The Bond Buyer*. Of the remaining $40,000,000, 60 per cent will be distributed to the school districts and 40 per cent to the municipalities. The money will be distributed to each county in the ratio of its assessed valuations to those of the state as a whole, and will be redistributed by the County Budget Commissions as they see fit to any municipality within the county having the right to appeal to the State Tax Commission. Governor White's approval of the entire program is said to be assured.

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Baby Bonds and Increased Tax Collections Save Milwaukee.— Experience of one major American city with baby bond financing is told by the *Milwaukee Journal* in a recent article by J. E. Harris.

In April 1933, Milwaukee city pay-days were halted to keep cash for July debt payments. The city's only resources, aside from the sinking funds, were delinquent taxes, but no banking credit could be secured against them. In May the council authorized $6,000,000 in "Series A" baby bonds, all of which were eventually issued. Later another $5,000,000 of "Series B" baby bonds were authorized, of which only $1,885,830 have been issued. All the bonds were secured by city owned delinquent tax certificates on choice, improved property.

Employees receiving the bonds for salaries and wages had hard sledding for the first few months. Confidence in the city's credit was low, merchants refused to accept the baby bonds, large investors shunned them, and speculators bought them in at ridiculously low prices. City employees bore the brunt of placing the issues in circulation, and little by little merchants began to accept them at par. Then in September, delinquent tax receipts had accumulated sufficiently so that $100,000 of the bonds were called for redemption, at par. Other calls later in 1933 and early in 1934 resulted in increasing confidence, and the price of the bonds began to rise. When a call for $250,000 worth was made early in December last, less than $60,000 was cashed at the treasurer's office. Of the $7,885,830 issued, only $5,194,723 are still outstanding, of which $1,000,000 are either held by the treasurer or could be retired if presented. It is estimated that the entire issue has been turned over to account for about $20,000,000 worth of business transactions in the city.

Restoration of delinquent tax collections is of course basic to the present investment status of the baby bonds. As of November 27, 1934, $850,000 had been paid during the month on delinquent taxes, as compared with $550,000 paid in all November, 1933. At the same date, payments for the year totalled $11,068,000, as compared with $6,000,000 in all of 1933.

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New York City Adopts Sales Tax for Relief Revenues.—New revenue bills to provide approximately $58,000,000 for the city's share of relief costs were signed by Mayor LaGuardia on December 5. The new levies for the City of New York include a city sales tax of 2 per cent on virtually all commodities except food stuffs and medicines, a 3 per cent tax on the gross income of public utility corporations, and a city tax on inheritances equal to 40 per cent of the state inheritance tax.

The inheritance tax went into effect immediately, and the 2 per cent sales tax on Monday, December 10. The 3 per cent utilities tax became effective on January 1, 1935. One immediate result of the passage of the revenue measures was the floating of a short-term relief loan of $15,000,000, carrying an interest rate of only 1¾ per cent.

Instructions indicated that the sales tax was to be paid by the purchaser directly, and might not be absorbed within the price by the seller. Under a schedule prepared by Comptroller Joseph D. McGoldrick, the tax was to be applied as follows: purchases of less than 12 cents, exempt; purchases of from 13 to 63 cents, 1 cent tax; purchases of from 64 to 99 cents, 2 cents tax; levy on higher amounts figured at 2 cents for each even dollar. The sharply regressive nature of this schedule has resulted in revisions being planned, which are pending as this is written. Clarification of other details of the administration of the tax are to be made by amendment as soon as possible.

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Pay Your Taxes Campaign Publications.—A pamphlet series on "Current Tax Problems" is being issued by the National Municipal League for the Pay Your Taxes Campaign National Committee, of which Sanders Shanks, Jr., is chairman. The first pamphlet, issued in December, is entitled "Improved Assessment Technique," and gives in popular form a picture of a modern tax assessing system. Later pamphlets in the series, which will appear at about monthly intervals, will deal with statistics on tax collections, tax receivership laws, penalty reductions and remissions, discounts, easy-or-installment-payment plans, etc., and the Model Tax Collection Law now being prepared by the League's Committee under the chairmanship of Mr. Arnold Frye. Copies of the series will be mailed to all members of the League, and limited quantities will be available for distribution to interested groups for study or program purposes.

Publication of the Pay Your Taxes Campaign Information Bulletin will be continued, current developments in local campaigns and data of local use being included in these mimeographed issues. League members whose local governments are facing acute tax collection problems are urged to avail themselves of these and other materials published for the Pay Your Taxes Campaign in working with local officials.

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A delinquent tax bureau to coördinate the work of collecting delinquent real estate taxes, personalty taxes, special assessments, and other charges, has recently been created by Roanoke, Virginia, according to the *Municipal Finance News Letter.*

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The same source reports that Lexington, Kentucky, had collected 93 2/3 per cent of its taxes for 1934 before the penalty was applied on November 1—the best record in many years for this city.

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A committee of the New York State Conference of Mayors is considering submitting a bill to the legislature which will give municipalities power to appoint a board which would have authority to compromise the payment of taxes and penalties on property whose value is less than the total delinquent taxes, assessments, penalties, and interest. The conference also agrees that serious consideration should be given to the reinstatement of a bill giving municipalities power to appoint tax receivers for delinquent property.

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The Texas League of Municipalities was among those who waged a strenuous, but unsuccessful, fight to prevent passage of a bill making mandatory the remission of interest and penalties on taxes that were delinquent on August 1, 1934.

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Dade County and Miami, Florida, tax collections for city, state, and county were approximately $543,000 ahead of 1933 in November 1934. City Auditor William Tracey reported that the percentage of current levy collections was the highest in thirteen years. The percentage for November this year was 26.82 as compared with 15.04 last year, according to *The Bond Buyer.*

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A suggested financial resolution for the New Year, made by the Citizens Research Institute of Canada: "That the machinery of tax collection will be examined and kept in such working order that no one able to pay his taxes for the support of community services shall postpone or escape payment thereof."

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New York City's tax collections for the second half yearly deadline amounted to $155,445,653, Comptroller Joseph D. McGoldrick announced recently. This compares with $138,857,011 for the same period last year. Due dates were moved up one month this year, second installments being payable before November 1 this year as against December 1 last year. Collections for the first half in 1934 were about $20,000,000 greater than for the first half in 1933.

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First item on the four-point legislative program of the Taxpayers' Forum of Pennsylvania is "collection of all local taxes by a single agency in each county (probably the county treasurer), and payment of yearly salaries instead of fees to such officials". A sub-point to be pressed also is "elimination of mandatory separate assessment of property for cities and counties. One assessment to answer all purposes." Other phases of the program are equally constructive.

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According to *Forestry News Digest,* what to do with forest land that has reverted to public ownership through tax delinquency is a problem vexing many of our states. Of nearly 20,000,000 reverted acres in Alabama, Arkansas, Florida, Louisiana, Mississippi, Oklahoma, and Texas, some 12,272,000 is forest area. The problem is being studied by the Forest Service in coöperation with the states.

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If fifty cities in New York State could collect all the taxes now in arrears, they could run their governments for nearly half a year without levying any tax, or they could pay 17 per cent of their net funded debt, according to Mayor Otto of New Rochelle, president of the New York State Mayors' Conference.

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Modernization loans secured through the Federal Housing Administration's home renovation program cannot be used to pay taxes, according to a recent release from Washington. Lending institutions are to be allowed to exercise their own judgment as to whether they will advance funds when the applicant has taxes in arrears.

PROPORTIONAL REPRESENTATION

Edited by George H. Hallett, Jr.

Brazil Adopts P. R.—Article 23 of the new constitution of Brazil, adopted July 16, 1934, provides that "The Chamber of Deputies is composed of representatives of the people, elected by means of a proportional system and universal suffrage, equal and direct, and of representatives elected by the professional organizations, in the form which the law indicates."[1]

The electoral code, promulgated February 26, 1932, to which the new constitution conforms, provides (article 56): "The system of election shall be that of direct universal suffrage, secret ballot and proportional representation." Apparently this provision applies to state and municipal as well as federal elections.

Article 58 of the code describes in detail the system of P. R. to be used, a party list system rather heavily weighted in favor of the largest party. The quota is determined by dividing the total vote by the number to be elected in the district and each party is apportioned as many seats as its vote contains quotas, but any remaining seats are assigned on the majority principle.

Lists of candidates, headed in each case by a party name, and independent candidates are nominated by petition of one hundred or more electors not less than five days before election. A candidate may be nominated on more than one list.

On election day the voter casts a single vote for the first (proportional) assignment of seats and a number of votes up to the number of places to be filled for the majority assignment of any seats remaining. He does so by depositing a printed or typewritten list (with or without a party name) which he brings to the polls with him. The first name on the voter's list indicates a vote for that candidate and for his party in the proportional assignment. The remaining names indicate votes for those candidates in the majority assignment. The first name may be repeated for this second part of the ballot.

The proportional part of the election disregards all but the first name on each voter's list. If a candidate has been nominated by one party only, all votes cast for him count for that party. If he has been nominated by more than one, each party gets the benefit only of those of his votes which are definitely marked for it, but the candidate is credited personally with his total regardless of party designations.

Every candidate who polls the quota is declared elected. Then each party is allotted one seat for each quota in its total vote. If fewer than that number of its candidates have received individual quotas, those of its remaining candidates who have received the greatest total numbers of personal votes are declared elected to represent the party. If by this process the same candidate would be elected on more than one party, his election is credited only to that party on which he has received most votes.

The majority part of the election simply totals the personal votes of all candidates and elects those not already elected whose totals are highest. It is unlike the usual majority systems in that ordinarily each voter will have more votes counted than there are places to be filled in that part of the election.

The defeated candidates of a party fill party vacancies automatically in the order of the size of their votes.

In the elections of the federal Chamber of Deputies each state elects one deputy for each 150,000 inhabitants up to a maximum of twenty, and above that one for each 250,000. The federal district elects on the same basis and the territories elect two deputies each.

The professional representation in the Chamber of Deputies is limited to one-fifth the number elected from the states and the federal district by the modified form of P. R. Six-sevenths of the professional representation is divided equally among the categories of (1) agriculture and stock-raising, (2) industries, and (3) commerce and transport. The categories are further divided into specific occupational groups, with one employer and one employee representative from each. The other seventh of the professional representation goes to the liberal professions and public officials, with subdivisions electing one member each.

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[1] From a "Complete Text of the Brazilian Constitution of 1934 done into English (together with new and revised version, in English, of the text of the Brazilian Constitution of 1891, as amended in 1926)" by Ernest Hambloch, F.R.G.S., formerly First Commercial Secretary to the British Embassy, Rio de Janeiro.

A special electoral judiciary is set up to apportion deputies to the states and to prevent election contests from coming before the Chamber of Deputies. Such a contest, it will be remembered, was the immediate cause of the revolution of 1930.

The first elections under the new constitution were held October 14, 1934. No account of these elections is yet available, but Samuel T. Lee, the American Consul General at Rio de Janeiro, to whom we are indebted for all the information in this article, under date of October 27 writes: "If one were called upon to select a single act of the Provisional Government (set up by the revolution of 1930) which meets the most widespread approval in Brazil, the choice would undoubtedly fall on the electoral code."

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Prospects in Pennsylvania.—The dramatic overturn in Pennsylvania in the November elections has greatly brightened the outlook for the optional proportional representation and city manager legislation which a widely representative Municipal Charter Committee of Pennsylvania has been actively pushing for several years.

In addition to a growing amount of Republican support, the committee's program of bills received at the last session of the legislature the united and earnest backing of the Democratic minority. Now the Democrats have elected the governor and a majority in the state house of representatives. In the senate, half of whose membership holds over, the Democrats have 19 seats out of 50, but since eight of the Republican senators have declared definitely for the program in the past and several others are expected to be friendly, a majority seems in sight in the upper house also. A number of the senators and representatives just elected gave their personal assurances of support in reply to letters sent to all the candidates before the primaries last spring.

Plans are under way for the re-introduction of separate optional bills for Philadelphia and Pittsburgh, backed by strong local committees, and also optional bills for all third-class cities and boroughs.

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P. R. Proposed for Cuyahoga County, Ohio.—At the December 12 meeting of the Cuyahoga County Charter Commission Edward T. Doty, one of the two members of the commission whose personal popularity broke the generally successful slate of the civic groups, introduced a resolution calling for a county council of nine elected at large by P. R. and a county executive elected by the corresponding Hare system of preferential voting.

Cuyahoga County includes the city of Cleveland, which used P. R. for its city council elections from 1923 to 1931, only to lose it as an incident in a general reactionary charter revision. Cuyahoga is one of the four counties which elected good charter commissions on November 6, under the new Ohio county home rule amendment, the others being Hamilton, which includes Cincinnati; Lucas, which includes Toledo (the latest acquisition to the list of P. R.-manager cities); and Mahoning, which includes Youngstown.

In connection with county government P. R. has a special advantage in addition to those it offers for cities. It avoids the ticklish problem of districting to satisfy the local pride of numerous municipalities by making it possible to elect at large with the assurance of representation to any large geographical minority which wants it.

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India and Burma.—In connection with recent discussions of home rule in India the following statement published by the British P. R. Society in May 1934, is of interest: "One of the most difficult problems of self-government in India is that of representation of its people, diverse as they are in race and religion. The British Government, in the absence of agreement among the chief interests concerned, but with the full concurrence of some of them, have had recourse to the communal plan, whereby each important community elects its own representatives; in some respects this method operates as a crude form of proportional representation, but there are many strong objections.

"In addition, the Government has agreed to accept the Poona Agreement between Mr. Gandhi and the Depressed Classes—the lowest castes amongst the Hindus—for the better representation of the latter. Under the Poona Agreement, representatives of the high caste Hindus and of the Depressed Classes are to be chosen from joint electorates in plural-member constituencies, the method of election being the single non-transferable vote [a crude form of P. R.]. It was apparent that the method for giving effect to the Poona Agreement had not been fully worked out, and the Society submitted a memorandum upon the question to His Majesty's Secretary of State for India.

"The Government's 'Proposals for Indian Constitutional Reform' are embodied in a White Paper (Cmd. 4268, 1933). They include the use of the single transferable vote system of proportional representation for the Federal Senate of India, and also for any Upper Houses which may be constituted in Provincial Legislatures. The whole of the proposals are now under review by a Joint Select Committee of both Houses of Parliament.

"A scheme of constitutional reform for Burma has also been laid before the Joint Select Committee. It proposes an Upper House for Burma consisting partly of nominated members and partly of elected members. The scheme leaves open the method of election to be used, but the Government of Burma, in a memorandum on the scheme, expresses the view that 'the most suitable method is indirect election of members of the Upper House by members of the Lower House voting in accordance with the principle of the single transferable vote.'"

*

The Annual P. R. Dinner.— The fourteenth annual meeting and dinner of the Proportional Representation League Incorporated, the third since the union of its work with that of the National Municipal League, was held in the William Penn Hotel, Pittsburgh, on November 27, at the close of the National Conference on Government. Approximately one hundred members and friends of the League were present, including delegates from twenty-one cities and ten states. The League's president, Professor A. R. Hatton of Northwestern University, presided.

With the president, Thomas Raeburn White (vice-president), C. G. Hoag (honorary secretary), J. Henry Scattergood, and Albert B. Maris, all of Philadelphia, and Professor Paul H. Douglas, of the University of Chicago, were re-elected trustees of the League. Henry Bentley, chairman of the City Charter Committee of Cincinnati, was elected the seventh trustee to replace the late Dr. Rayner W. Kelsey of Haverford, Pa.

The field secretary of the League, Walter J. Millard, and its executive secretary, George H. Hallett, Jr., then reported on the significant developments in the P. R. movement in this country during the year, including the vote of the recently abolished New York City charter commission to submit P. R. to a vote of the people and the prospect that its successor will follow suit, the recommendation of the Boston charter commission that P. R. be made optional for the Boston city council, the movement to secure P. R. and the manager plan in Seattle temporarily blocked by the courts, and the intention of leaders of the successful city manager forces in Schenectady to follow up their victory with a campaign to capture the city council and submit a P. R. charter amendment by council action.

Other encouraging developments were emphasized in the addresses which followed:

"The Prospects of Optional P. R.-City Manager Legislation in the Next Pennsylvania Legislature," by State Senator-elect William B. Rodgers of Pittsburgh, former chairman of the Pittsburgh P. R.-city manager committee.

"P. R. and the City Manager Plan in Cleveland and the Outlook for their Return," by former City Manager William R. Hopkins. (See page 27.)

"The Victory of P. R. and the Manager Plan in Toledo," by Martin S. Dodd, former Law Director of Toledo and former Speaker Pro Tempore of the Ohio House of Representatives.

The meeting was pervaded by a spirit of hope for the future of P. R. as the *sine qua non* of truly representative government.

GOVERNMENTAL RESEARCH ASSOCIATION NOTES

Edited by Robert M. Paige

Taxpayers' Research League of Delaware.—For several months the League has been giving its attention chiefly to a study of the fiscal operations and condition of the state government. Due to the falling off of revenues in recent years, the general fund of the state is operating at a substantial annual loss. To meet this problem, the League, in coöperation with state officials and interested citizens, is endeavoring to develop a plan through the reorganization of revenues of other funds, to replenish the general fund without any increase in taxation. The plan also involves various economies and improvements in state administration.

When this plan is fully developed, the League will undertake a campaign of education to crystallize public opinion in its favor.

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Finance Department, Chamber of Commerce of the United States.—The Chamber is now conducting a referendum among its membership on the federal budget system. Propositions being voted upon include a series of proposals for changes in federal budgetary practice looking toward greater efficiency in budgetary administration. The results of the referendum will be made known early in December.

A report is now in preparation by the Chamber's committee on federal finance on federal fiscal affairs with particular reference to the problems which will confront the Administration and Congress when the 1936 budget is acted upon this winter.

A report on state and local budgetary practices has been prepared by the Chamber's committee on state and local taxation and expenditures and will be available for distribution in the near future.

The committee is now preparing reports on controlling local indebtedness, and on tax limitations and control, to be ready early in 1935.

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Tennessee Taxpayers Association.—The Association substantially increased its activities in 1934. The staff was materially enlarged; the budget was increased by more than sixty per cent; the office space occupied was quadrupled; an effective field representative was added to the staff to increase the financial support, organize county and local units of taxpayers, and publicize the activities of the Association; and several additional research accountants and helpers were employed throughout most of the year and a combined librarian and analyst was added to the staff on September 1.

During the first four months of the year the Civil Works Administration and the Tennessee Valley Authority provided the services of fourteen research workers for the purpose of making field studies and surveys of county government in the Tennessee River Valley as part of an extensive program for the collection of basic data in the fields of education, economics, government, and sociology. These workers were supervised by the staff of the Tennessee Taxpayers Association. This program was developed and adopted by the TVA-CWA executives after calling into conference the research men of twenty-four southern universities and of the Tennessee Taxpayers Association. Studies of county government were thus made in twelve Tennessee counties. These studies included complete analyses of the income, expenditures, indebtedness, management technique, etc.

After the appropriation for the various social studies financed by the TVA-CWA was exhausted on April 30, the Tennessee Taxpayers Association added several persons to its own staff of field and office workers and continued its studies and reports upon local government. Twenty-five counties will have been surveyed by the Association at the close of 1934. The counties studied include Hamilton and Knox, two of Tennessee's four large-city counties. Conferences with county officials and with representative taxpayers before beginning a county survey, other conferences after the reports are ready for presentation, county-wide publicity of the findings and recommendations, and the presentation of the reports to the county court by an executive of the Association in person are all included in the procedure regularly used by the Association in attempting to secure official approval of the recommendations made. This procedure has proved to be highly effective.

The Association continues to make its annual survey of the state government. The report covering its third such survey, ready in December 1934, presents in parallel columns a detailed breakdown of the state's income, expenditures, indebtedness, etc., for 1932, 1933, and 1934. The annual report, from its first issue, became the financial handbook of the members of the executive and legislative branches of government in Tennessee.

The Association by request has made an extended study of recently enacted state sales taxes. A legislative program is now being prepared for the consideration of the 1935 state legislature. Various smaller studies have been conducted during the year on such subjects as self-insurance of municipal properties, conditions which caused surety companies to withdraw from bonding county officials in most Tennessee counties, procedure in the office of the state purchasing agent, a comparison of personnel employed in the state offices in June 1932 and June 1934.

In November, following the appearance of the "County Government" issue of the NATIONAL MUNICIPAL REVIEW in October, the Association decided as an educational and promotional measure to send the REVIEW for one year to a select list of editors of Tennessee daily and weekly newspapers and to the editors of thirty-six metropolitan dailies in other southern states. Already there has been gratifying editorial response, from newspapers both inside and outside Tennessee.

The Association has offered to supply classes in economics, political science, civics, etc., in the 415 public and private high schools and in the colleges of the state with copies of the Association's survey reports as made, for use as classroom aids in the study of government. Over one-third of the schools have accepted this offer and are now using these reports. A similar service is being provided for the study courses of the various units of the State Association of Business and Professional Women's Clubs and the Tennessee Federation of Women's Clubs.

During December the Association will hold institutes of government in Knoxville, Chattanooga, and Jackson, and a final delegated institute for the entire state in Nashville. Some nationally recognized authorities in their several fields are expected to address each of these gatherings. Attendance will include members-elect of the 1935 state legislature, representatives of county, city and town government, interested citizens and taxpayers.

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Los Angeles County Bureau of Efficiency.—The Bureau has recently completed a survey of the department of county surveyor. The report outlines in complete detail the duties and activities of this department and each of its divisions. The department is employing approximately one-half as many persons now as it employed during the peak year, 1929. The fluctuations in personnel in each division during the past ten years have been compared with numerous indices of the volume of work done during these same years. These comparisons show that the organization of working forces in the department has been in general excellent. Costs have been held as low as possible, consistent with high grade work. Certain changes in organization, including the absorption of the assessment division into the main office division and the merging of the sanitation division with the storm drain and construction division were recommended as a result of the survey, and these changes have now been made. These consolidations and certain other recommended changes will save an additional $22,000 a year, according to estimates of the Bureau.

C. R. Jones, staff member of the Bureau of Efficiency, working under the direction of Harry Scoville, director of the Bureau, compiled the report.

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Pennsylvania Economic Council.—An intensive study of the cost of township government in Chester County has just been completed. This county contains more townships than any county of the commonwealth, although Chester is not one of the large counties of the state. The report treats of these fifty-seven townships and presents in terms of maximum, minimum, average, and median such data as population, assessed valuation, tax rates, tax collections, highway mileage, taxable resources, indebtedness, amount of road machinery, and per capita expeditures. As 82 per cent of township funds are needed for maintenance and construction of township roads and debt payments on road bonds, almost half of the report deals with township highway problems. Maintenance costs per mile of road vary from $12 to $312. The reasons for these variations—varying resources of townships, types of road surface, topography, etc.—are analyzed at some length.

In conclusion the report points out the need for better annual township reports, a uniform classification of expenditures, and a clear distinction between highway "maintenance" and highway "construction" recognized by all township officials. The need for financial planning, sound debt policies and adequate debt administration, vigorous tax collection campaigns, and a possible revision in the present law relating to state assistance in road maintenance are also pointed out and discussed in considerable detail in the summary chapter.

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California Taxpayers' Association.—A study of the problem of a state police system of California was recently published by California Taxpayers' Association. With organized crime recognizing no government boundaries, the Association points out that the problem calls for the organization of the police forces of California on at least a state-wide administrative basis. This state-wide organization should consolidate specialized state enforcement agencies, take over the criminal duties of sheriffs, coöperate with, but not replace, city police departments, and have police power in all parts of the state. It should not be used in labor disputes except where violence has occurred and then only at the call of the governor. Coöperation with city police departments and officers in metropolitan areas should be insured. Its personnel should be well equipped, trained in a police school. It should be commanded by an executive who is free from political interference and it should not be subject to corrupt local influences.

The Association is now engaged in a study to determine what constitutional and statutory changes are necessary in order to establish an appropriate state police system.

An analysis of the relationship of taxable wealth, bonded debt, and population to municipal expenditures, among a group of cities in the United States, has just been completed by the Association.

Studies of the problems of social insurance, including specifically the problems of compulsory unemployment insurance and compulsory health insurance, have been undertaken by the Association.

"With the stork on strike, we cannot expect increases in school population" is the conclusion of the Association's study of the enrollment of elementary school districts in California. The study, which comprised 73 per cent of all the elementary children in the state, enrolled in 132 elementary school districts, showed that there was a decrease of 0.7 per cent in the number of pupils enrolled during September of 1934 as compared with the same month of 1933. The Association points out that, although the child population is decreasing, the total population of California is increasing, the increase in large part being made up of people above school age.

EDITORIALS

(Continued from Page 5)

Getting Rid of the Bootlegger Another significant contribution to the solution of the liquor problem in America is the report prepared by Dr. Paul Studenski, associate professor of economics at New York University, for the League's Committee on Liquor Control Legislation, and published as a supplement to this issue of the NATIONAL MUNICIPAL REVIEW.

The bootlegger is still with us. That fact cannot lightly be shrugged aside; neither can the fact that for the most part liquor tax policies have been antisocial in their obvious favoritism for hard liquor at the expense of milder beverages. As the committee report emphasizes, America must face the economic reality that the only way in which to drive the bootlegger out of business is to reduce taxes on liquor. Once he is gone, consideration may be given to the matter of making liquor consumption turn a golden flow into the public purse. For the present, whether we like it or not, high taxes on liquor simply won't work!

RECENT BOOKS REVIEWED

EDITED BY EDNA TRULL

Government and Business. By Ford P. Hall. McGraw-Hill Book Co., 1934. 265 pp. $2.50.

Aptly does the author introduce this timely study with a brief, incisive essay on the theories of state function relative to economic life: anarchism, individualism, collectivism, socialism, and communism. Since American life is now rather definitely at the third stage mentioned, students should welcome this timely analysis and appraisal.

The constitutional limitations such as judicial review, division of powers, due process of law, and obligation of contract tend to hamstring effective regulation of business in a collectivist society. Against these limitations on effective control, Congress possesses a wide grant of authority through the commerce power which, as business tends to constitute one national current, must be interpreted and applied accordingly. The author scores that diversity in regulation of commerce which descends to state "competition in laxity" illustrated by relaxation of corporation laws as an inducement to furthering business in the particular states.

Extensive treatment is devoted to transportation, especially the railroads; the author holds that efficiency of transportation regulation requires that all means of carriage be brought under control. Little federal regulation has been applied to some of the minor agencies of communication, and none to interstate motor carriers. State efforts at regulation of motor transportation are sketched, and state control of other public utilities and insurance companies is outlined.

Relative to banking, the author admits that more comprehensive regulation has been instituted in the United States than elsewhere; pertinently is it added that the recent condition of banking is not due to an excess of regulation, rather to too little regulation especially manifest in the ease with which the irresponsible and inefficient have entered the banking business. Realistically does he state that "with our lack of good traditions the necessity for extensive control of banking is obvious, for banking is a business affected with a public interest."

Control of business through NRA codes extends regulation earlier instituted relative to railroads, food and drugs, stockyards, and radio. The Recovery Act marks the beginning of economic planning urged by economists and some industrial leaders prior to 1933. Both economic and social desirability warrant the Securities Act and the Stock Exchange Act.

Succinctly does the author encompass the range and inevitability of government policy toward economic enterprise past, present, and future by his introduction to a concluding chapter: "If laissez faire and government regulation cannot solve our economic difficulties, the only alternative is government ownership and operation of industry." No sober conservative could object to such a deferential statement.

Singularly free from the earmarks of propaganda, "Government and Business" avoids alike the antediluvian and utopian, and embodies the constructively liberal in viewpoint, maintains a balanced judgment, and contributes to the modernizing of the material and approach employed in a field not so highly debatable as heretofore.

John J. George

Rutgers University

English Local Government. By Herbert Finer, D. Sc. New York, Columbia University Press, 1934. 533 pp. $5.50.

A great many descriptive accounts of English local government have been presented to the American student of politics during the last few years. Most of them have succeeded in conveying to the reader a fairly good picture of how the English system of local government is set up. Seldom are controversial questions raised. In view of the momentous problems confronting the English public in this sphere in recent years, one doubts whether the writers of some of our standard works have ever been in England.

It is refreshing to read a treatment of English local government which cares little about describing the inane formalities of statutory prescriptions but tackles the more interesting and infinitely more difficult problem of answering the question why. Dr. Finer presents for the reader an analytical study of English local government. He departs from the conventional descriptive approach to the subject and plunges into the task of dissecting one by one the powers, agents, and functions of English local government.

Undoubtedly the reader who has not had a previous introduction to the study of the English local institutions would be confused by Dr. Finer's approach. Even the arrangement of the material differs radically from the usual. The book is divided into five parts: the nature and problems; areas and functions; constitution, powers and organization; the central-local relationship; and the finance of local government. This plan of attack enhances greatly the value of his keen analysis. For the newer student of English government it may be disturbing but he assumes that one has a certain amount of background for understanding a work of this type. In the unwinding of the threads of this critical analysis one does not get a pat little diagram of the organization of the local governmental system of England but he does become fully aware of its enormous importance and the complexity of its workings. Consequently, one sees not the picture of still life hung on the wall but rather a great multitude of human beings moving about in every corner of the land performing a great variety of tasks in a more or less systematic way.

In a single volume Dr. Finer has covered the whole sphere of English local government. After carefully weighing the forces that enter into this notion which is implied by the expression *local government* one conclusion emerges as controlling. The author is convinced that the existing units of local government are too small for handling expeditiously and economically the multitude of activities now entrusted to the care of the various local authorities. Concerning the many functions of which he treats, he does not offer any definite conclusion as to how each should be cared for. But, if his one conclusion is allowed, namely, that existing units are too small and that some large area or region should be created, it is conceivable that the allocation of functions will largely take care of itself.

This book should be of special importance to the American student of local government. England faces a serious problem. Should the special district system be continued and expanded, or should larger areas with general powers be created? America has found that the creation of *ad hoc* authorities may have shortcomings and is now seeking newer methods of meeting the problems of local administration. What will England do? Dr. Finer does not dogmatize but he thinks that the evidences of centralization are unmistakable and that the sanest solution, therefore, is regionalism. In arriving at a conclusion concerning the similar tendencies in our own country, students of the subject will find this book invaluable as a background.

Raymond Uhl

Bureau of Public Administration,
University of Virginia

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City Government in the United States. By Charles M. Kneier. New York, Harper and Brothers, 1934. 482 pp. $3.00.

Professor Kneier's latest volume is a pertinent addition to the textbook field in local government. He emphasizes government rather than administration. There is practically no discussion of municipal functions, and perhaps even more attention than in most texts to the social and psychological aspects of urban life. Not quite one-third of the entire volume is devoted to the electorate and its organization. A little more than one-third is concerned with the organization of city government, administrative and judicial organization, and "the integration of local governments." The remainder of the book considers the population and social changes in urban life, city-state relations, political, constitutional, and administrative, and municipal powers and liability. There is an interesting chapter in this section dealing with the "relation of national government and cities"—about the first attempt in a textbook to coördinate the materials on this increasingly important aspect of centralization.

While Professor Kneier's book follows in the main traditional lines, it is interesting to find more emphasis upon the effects of shifting population patterns upon administration as well as upon government; an emphasis, however, which might well be greatly enlarged to the advantage of the student's insight into the motivating forces in contemporary urban life. Neither in the chapters dealing with the growth of cities and its political consequences, nor in those dealing with party organization and "invisible government in cities" is there any significant recognition of the underlying forces, such as bank control of franchise policy, real estate domination of planning programs, and the like, which, in the long run, and generally also in the short, define the limits of political and administrative action. Nor are the underlying issues of the poverty line in cities, in terms of the almost unwavering support of bosses and machines by the rank and file of voters in the poorer wards, brought into the focus of the student's attention.

But to say this is to say that so far we have not broken away from the formal aspects of government in college courses, in order to make visible to the student the hidden forces that control the formal machinery which provides a respectable facade to the workings of "actual government." A textbook written from this point of view, whether for the general reader or the student, would be as pertinent as it would be lively. It is greatly to be hoped that such a study will be made of the very problems which Professor Kneier has here discussed. In the meantime, his is the most current of the texts, includes much useful illustrative material and carefully selective reading lists, is written in an interesting and readable style, and should prove useful for semester courses in local government.

Phillips Bradley

Amherst College

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The Units of Government in the United States. By William Anderson. Chicago, Public Administration Service, 1934. 38 pp. Fifty cents.

Part I of this pamphlet, entitled "The Present Situation," makes two distinct contributions to political science. The first is theoretical, a "tentative" definition of a unit of government. Applying this definition to the numerous governmental areas in each state enabled the author to classify and enumerate the units of government in the United States. This is an important factual contribution. Hereafter we can use Professor Anderson's estimate instead of saying "nobody knows", or making or repeating a wild guess.

Professor Anderson finds a total of 175,418 units. He classifies them as one nation, forty-eight states, 3,053 counties, 16,366 cities and villages, 20,262 towns and townships, 127,108 school districts, and 8,580 other units.

The "other units" include such special districts as water control, irrigation and conservation, road and bridge, urban improvement, urban utility, and several miscellaneous ones. Concerning them, the author says: "The truth is that no one really knows in any state how many of these special units there are". He explains that the "26,433 special districts", as indicated by the Census Bureau, include many "areas" which do not conform to his definition, and hence are merely administrative districts.

In Part II the author discusses the historical development of the present units; the arguments for "trade area" units and local self-government; and the most desirable area and population for local units. He would have only one local unit in any rural territory, instead of overlapping ones.

Part III presents the author's conclusions regarding the most desirable number of local units. He would retain 2000 counties as units in rural areas, eliminating school districts, townships, and all but 500 special districts. He would create 350 city-county units for urban centers of over 25,000 population. He would retain 15,000 units for cities, villages, and the larger New England towns, eliminating smaller towns through consolidation.

Thus, his "rationalized scheme of local government units" would reduce the number from 175,369 to 17,850, or by almost 90 per cent. Of course, his scheme is suggested merely as a goal, without indicating ways and means of attaining it.

In contrast to certain so-called *experts*, Professor Anderson does not advocate wholesale consolidation of counties. He does advocate the abolition of smaller units, the crux of the problem. Perhaps the more vociferous advocates of county consolidation do not know that smaller units exist! Nor does the writer claim that eliminating 90 per cent of the present units would reduce local governmental expenses by 90 per cent.

In brief, the bulletin is filled with useful information, concisely and logically analyzed. It deserves careful reading and study, especially by students of local government. It is entirely different from most of the available material in this field, much of which has been half-baked.

William L. Bradshaw
University of Missouri

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Wisconsin Taxes—Where They Come From and Where They Go. Madison, Wisconsin Taxpayers Alliance, 1934. 72 pp.

In its attempt to make the average citizen of Wisconsin tax conscious, the Wisconsin Taxpayers Alliance has produced an excellent little volume—they call it a reference book—on public finance in one state. By means of tables, charts, and explanatory text the various tax sources are analyzed and public expenditures described. The booklet is not an unreasonable demand for tax reduction, but a relatively objective presentation of facts. Concluding, as taxpayers' associations inevitably do, that taxes should be reduced, the Wisconsin bulletin expresses the opinion that carefully planned expenditure control is the only method by which taxes may be wisely reduced and states that "Efficient control of expenditures does not mean blind limitation of taxation, but implies careful study and long-time planning—setting governmental machinery in order—to have it of the best possible design to cope with modern needs." This statement gives the key to the fact that the study is not only a presentation of figures, but a sound exposition on their use.

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A Study of Municipal Auditoriums of Buffalo, N. Y. Buffalo, Buffalo Municipal Research Bureau, Inc., 1934. 20 pp. mimeo. Fifty cents.

The city of Buffalo owns and operates two auditoriums. This brief study points out that they are unprofitable and proposes that one be closed. The other, it suggests, should be put in the hands of an experienced manager whose duties would be both promotional and custodial.

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Slums—a City's Most Expensive Luxury. By Howard Whipple Green. Cleveland, Published by the Author, 1934. 8 pp. $1.00.

This is a brief description of the Cleveland slum area with data on operating costs and social and health conditions. The story is emphasized by an ingenious system of overlay maps over a basic map showing rentals in the various census tracts of the city. The statistics emphasize the title. It is unfortunate that in the demand for lowering governmental costs taxpayers have not been sufficiently far-sighted to realize that the existence of slum areas affords heavy—but largely reducible—drains on the public purse.

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A Survey of the General Civic Conditions of Colorado Cities Having a Population of 2,000 or More. By Edison H. Cramer. Boulder, Colorado Municipal League, 1934. 31 pp.

Shortly after its organization in 1923 the Colorado Municipal League undertook a general civic survey of its municipalities. This was repeated five years later, in 1927, and the third similar study, based on 1932 reports, is now published. The thirty-two municipalities of the state are compared as to police departments, fire departments, street departments, health departments, libraries, public parks, water works, elections, street lighting, mill levies, bonded indebtedness, and municipal receipts and disbursements. The data are presented in tabular and graphic form. The author's analysis of the figures shows that since 1927 increased municipal service has occurred in practically all fields of service while municipal costs have remained about the same.

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Liquor Taxes and the Bootlegge

• • • PAUL STUDENSKI
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A Report Prepared for the Committee on Liquor Control Legislation of the National Municipal League

Frank O. Lowden, Chairman
Luther Gulick, Secretary

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Statement and Recommendations of the Committee

THE bootlegger is still with us. He continues to operate for one reason, and one reason alone—*profits*. The profit in illegal liquor arises primarily from tax evasion. High taxation thus becomes the chief foundation of the illegitimate trade in alcoholic beverages.

This is no new discovery. It was well known before prohibition; it was presented forcefully before repeal in "Toward Liquor Control," by Fosdick and Scott; it was dealt with by this Committee in its presentation of the Model Liquor Law;[1] it was discussed with the committees of the Congress; it was widely commented upon by the press.

The general idea that high taxes promote evasion cannot be disputed. Facts, however, are scarce. There are no satisfactory statistics with reference to the activities of the bootleggers, no reliable estimates of the quantity of illegal liquor, and no trustworthy guess as to the loss to the public treasury through tax evasion. It is possible, however, on the basis of known facts with reference to the seizure of stills, the consumption of legal beverages, the payment of taxes, and the extent of smuggling to draw estimates and inferences with regard to the underlying facts. With this in mind, the Committee on Liquor Control Legislation of the National Municipal League has asked Dr. Paul Studenski, professor of economics at New York University, to examine the situation and bring together at least tentative estimates of the extent of the flow of illegal liquor, and to indicate some of the basic facts of bootlegger economics which the public, the legislators, and the tax officials should have before them in approaching the revision of liquor taxes, during the coming sessions of the state and federal legislatures. The report to the Committee by Professor Studenski, somewhat edited and curtailed for lack of space, is presented herewith. While the facts he presents are subject to various interpretations in certain respects and not all of the inferences he draws are accepted by all members of the Committee, no one can doubt the main conclusion that the combined federal and state taxes on hard liquor and on imported beverages are so high under existing conditions as to immensely increase the difficulty of suppressing the illegal alcohol trade.

RECOMMENDATIONS

The Committee therefore recommends:

1. The reduction of the tariff on alcoholic beverages either through an amendment to the tariff act or through the exemption of such beverages from a further internal revenue levy.
2. The lowering of the combined federal and state levy on hard liquor to not more than $2.00 per gallon. This will not reduce the revenue but will in all probability increase the yield.
3. The establishment of full coöperation in liquor taxation between the federal and state governments through a joint administration of liquor tax laws.
4. No reduction for the time being in the tax on beer.
5. The levy of all federal and state gallonage taxes on the basis of absolute alcoholic content so as not to penalize dilution as at present.[2]
6. The amendment of liquor license laws to provide higher licenses for the large retailers than for the small retailers in accordance with the general plan outlined in the Model Law.

For the Committee:

FRANK O. LOWDEN, *Chairman*
LUTHER GULICK, *Secretary*

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[1] Liquor Control: Principles, Model Law. A Report of the Committee on Liquor Control Legislation of the National Municipal League. Supplement to the NATIONAL MUNICIPAL REVIEW, January 1934, Volume XXIII.

[2] For discussion of this principle see "A New Deal in Liquor—a Plea for Dilution" by Yandell Henderson (Doubleday Doran, 1934), and Chapter VII, "Toward Liquor Control," Fosdick and Scott (Harper and Brothers, 1933).

Liquor Taxes and the Bootlegger

A Report prepared for the Committee on Liquor Control Legislation of the National Municipal League

PAUL STUDENSKI *New York University*

When the Ways and Means Committee of Congress was framing a policy of taxation of alcoholic beverages in the fall of 1933, in anticipation of the repeal of prohibition, it had before it various estimates of the probable revenue that might be raised from this source for the federal treasury. The most conservative estimates placed this revenue at $450,000,000, whereas some of the most sanguine ones put it in the neighborhood of $800,000,000. We have now available the figures of the collections of revenue from this source for the first ten months since repeal. They show conclusively that the revenue will be below even the most conservative estimates, and will amount to only approximately $395,000,000 per annum. (See Table I.)

This low yield is due apparently to two factors which were not, or could not be, taken into account at the time the aforementioned estimates were made: (1) a very real and substantial reduction in the consumption of alcoholic beverages as a result of the business depression or possibly due to habits developed during prohibition, and (2) the continued consumption of tax free bootleg liquor.

The figures of revenue collections have disclosed, moreover, one other totally unexpected development: liquor

TABLE I

FEDERAL, STATE AND LOCAL REVENUES FROM THE TAXATION OF ALCOHOLIC BEVERAGES IN 1914 AND 1934, RESPECTIVELY. Population 1914: 97,927,000; 1934: 128,000,000[1]

	Total Revenue		Per Capita Revenue	
	1914	1934	1914	1934
Federal Internal Taxes				
liquor	$159,098,177	$125,000,000	$1.62	$ .98
wine	none	5,000,000	—	.04
beer	67,081,512	230,000,000	.68	1.80
Total	226,179,689	360,000,000	2.30	2.82
Federal Customs Duties				
liquor	10,673,307	30,000,000	.11	.23
wine	6,436,668	5,000,000	.06	.04
beer	1,950,608	——	.02	——
Total	19,060,583	35,000,000	.19	.27
Total Federal	245,240,272	395,000,000	2.49	3.09
State and local revenues				
liquor, wine, and beer	79,516,989	106,000,000	.81	.86
Total Federal, state and local	324,757,262	501,000,000	3.31	3.91

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[1] The figures for 1914 are taken from the Bulletin, "Alcoholic Beverages," issued by the U. S. Tariff Commission in 1933. Those for 1934 are based on the figures presented in Tables VIII and IX below. Local revenues are included in the 1934 figures only in so far as they are collected by the state governments and apportioned among localities. The sums collected by localities themselves in license fees are not included, since their amounts cannot be ascertained.

is producing now only about two-thirds as much revenue as beer—$155,000,000 a year against $230,000,000—whereas before prohibition it produced two and a half times as much as beer—in 1914, for example, $170,000,000 against $69,000,000. The relative importance of these two classes of revenue has become reversed.

This reversal in the position of the two classes of revenue is due to the fact that (1) the drop in consumption has been much more pronounced, apparently, in the case of liquor than in that of beer, and (2) the rates of taxation for beer have been increased much more substantially over the 1914 than have the rates for liquor. Beer is now taxed at $5.00 per barrel by the federal government instead of $1.00 as in 1914. Liquor, on the other hand, is taxed at $2.00 a gallon, instead of at $1.10 as before.

THE CONSUMPTION OF TAX PAID ALCOHOLIC BEVERAGES

That the American people drink much less today than they did before prohibition seems apparent from ordinary observation and from statistical data. The bars or saloons in some localities are not as filled as they were before prohibition. The number of intoxicated persons encountered on the street in New York, for example, is relatively small. In many restaurants dispensing beer, wine and liquor, only 25 to 50 per cent of the people order drinks with their food, compared with 50 to 75 per cent in comparable restaurants in the pre-prohibition days. A sample inquiry undertaken in the present study among the passers-by at a busy corner of the City of New York revealed the following results: Of 62 persons approached, 30 said they did not drink. Of the 30, only one claimed moral objections; three believed it to be physically harmful even in moderation; four did not like the taste; and the balance just had no desire to try to drink. An inquiry conducted by four investigators among the residents in their districts into the expenditures for alcoholic beverages of the ordinary clerk and working man revealed that these expenditures were relatively moderate. These very minor studies are cited here not as adequate proof but merely as slight corroborative factors.

The most convincing indication that the consumption of alcohol may have dropped considerably since the days before prohibition is found in the statistics of withdrawal of tax paid beer for consumption in 1914 and 1934, respectively. These statistics show a drop in the per capita consumption of beer from 20.92 gallons in 1914 to 9.37 gallons in 1934, or to less than one-half. (See Table II). Inasmuch as there is very little bootlegging of beer today and there was little of it, if any, in 1914, these figures can be accepted as reliable and comparable. In the compu-

TABLE II

CONSUMPTION OF TAX PAID ALCOHOLIC BEVERAGES IN THE UNITED STATES IN 1914 AND 1934, RESPECTIVELY. Population 1914: 97,927,000; 1934: 128,000,000[1]

	Total (thousand gallons)		Per capita (gallons)	
	1914	1934	1914	1934
Consumption of domestic beverages				
liquor	133,000	45,000	1.35	.35
wine	44,974	17,000	.45	.13
beer	2,048,659	1,200,000	20.32	9.37
Consumption of imported beverages				
liquor	4,107	6,000	.04	.05
wine	7,903	3,000	.08	.02
beer	7,171	——	.07	—
Total, domestic & imported beverages				
liquor	137,104	51,000	1.40	.40
wine	52,877	20,000	.53	.15
beer	2,055,829	1,200,000	20.99	9.37

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[1] Based on figures presented in tables VII and XIII below. The figures for 1934 are estimated.

tations of these figures the total population of the country was taken for each year. If we were to take only the population in the wet areas for both periods, we would find that the drop in the per capita consumption of beer in these areas has been even greater, for the wet areas in 1914 contained only about one-half the population of the country, whereas today the wet areas contain about three-fourths of the country's population. In other words, the consumption in wet areas dropped from a per capita of 40 gallons a year to one of 13 gallons, or to one-third. To what extent this may represent a shift to bootleg liquor no one can tell.

The statistics of withdrawal of tax paid liquor and wine for consumption purposes show even a greater drop per capita from 1914 to 1934 than do the same statistics for beer. The per capita consumption of tax paid liquor is shown by these figures (Table II) to be only 29 per cent of what it was in 1914, and that of wine 28 per cent. However, these statistics are not indicative of the total consumption of liquor and wine in the country, since a considerable quantity of liquor consumed today is bootleg in character and a large quantity of wine is produced by the consumers themselves nowadays at their own homes as a result of the experience gained by thousands of them in the art of wine-making during prohibition.

The production of wine at home for home use is not generally illegal, the loss of public revenue occasioned by it is unimportant, and its social consequences are in no way adverse. Hence, we need not be concerned with it. Traffic in bootleg liquor, however, is a serious matter from any one of these points of view, and deserves, therefore, extended consideration in this study. It is important for the formulation of a sound policy of taxation of liquor to have fair estimates of the total consumption of liquor in this country, including the bootleg kind.

BOOTLEG CONSUMPTION BRINGS LOSSES OF PUBLIC REVENUE

Repeal has materially diminished bootlegging, but it has not eliminated it altogether. That bootlegging still continues on a substantial scale is well indicated by the figures of seizures of illicit stills, smuggled liquor, and arrests for violations of the internal revenue and customs laws.

Let us first turn to the figures of seizures of smuggled liquor, since they can be disposed of quickly. A recent press release by the Bureau of Customs (September 20, 1934) shows that the number of seizures on the Canadian border dropped from 1,553 in August 1933 to 30 during the same month in 1934, and those on the Pacific Coast from 161 to 8. Apparently, little liquor is now being smuggled across these borders. On the other hand, along the Atlantic Coast smuggling continues as actively as before, the number of seizures in August 1934 being the same as during the same month a year ago (140); and the activity along the Mexican border is even greater than before, the number of seizures having increased there from 214 to 230. The activity along this border is due apparently to the fact that the states adjacent to Mexico still prohibit the sale of liquor. The total number of seizures, along all the borders combined, has dropped since repeal to about one-third the number effective before repeal. It may be concluded from this fact that the volume of bootleg importations today is but one-third of its pre-repeal level.

The statistics of seizures of illicit stills are far more important than those of the other seizures just reviewed since bootleg consumption is concerned mainly with the domestic product.

The seizures of illicit stills have averaged for all the states combined 1,250 a month for the five months of May to September 1934 inclusive. (See Table IV.) They ran somewhat lower during the first five months after repeal, but the enforcement division was then very small. At this rate the number of seizures of illicit stills for the year would aggregate 15,000 or about two-thirds the number of annual seizures during the last years of prohibition, which averaged 23,000. (See Table III.)

It is significant that most of the seizures have taken place in dry states, although the population of these states is but one-fourth of the total population of the country. (See Table IV.) The number of seizures in dry states is about as large now as it was before repeal. (See Table V.) Apparently, there is as much bootleg production and consumption in the dry states now as before. It seems probable also that these dry states export some of their illicit products to the wet states, and, on the other hand, import from the wet states much legitimate tax paid liquor. A new type of illegitimate exchange is thus taking place today between the wet and dry states.

The statistics of the seizures of illicit stills for the past ten or more years (Table III) suggests that indirectly at least there is probably some correlation between the number of stills seized and the activity of the bootleg industry. The number of stills seized during the years of prosperity was on the whole considerably greater than the number seized during the years of depression. This drop may have reflected a decrease in activities of bootleggers during the depression, for the bootleg industry must have suffered from the depression just as any other industry. Indirectly, these figures confirm the hypothesis advanced above that the consumption of liquor has declined substantially during the past few years in consequence of the depression.

Throughout this entire period there have been important fluctuations both in the size of enforcement staffs and in the vigor of enforcement policy. These variations may invalidate or substantially alter the hypotheses here advanced. The statistics in Table III and Table IV reveal, for example, that there is correlation between the number of seizures of illicit stills and the energy displayed by the enforcement division of the government in the prosecution of its work. The number of seizures dropped steeply in 1933 and especially in 1934, when the staff of enforcement officers was materially reduced and when those retained on the payroll relaxed their efforts to suppress illicit operations, in anticipation of the ratification by the people of the constitutional amendment doing away with prohibition. In April 1934 the Bureau of Internal Revenue increased the number of investigators in the Alcohol Tax Unit from 468 to 703, and in May to 1,337. Immediately the number of seizures increased from 650 in March to more than 800 in April, and to an average of 1,250 in each of the succeeding months.

It would probably be unfair to assume from the fact that the number of seizures of illicit stills has decreased only about one-third since the last years of prohibition that illicit production of liquor has decreased only that much since repeal. Some allowance must be made for the greater activity of enforcement officers and the lesser tendency of the people generally nowadays to countenance bootlegging, at least in states permitting traffic in liquor. A fairer estimate of the illicit production and consumption of liquor would be that it is but one-half as large today as it was before repeal. This would indicate that the consumption of bootleg liquor, both domestic and smuggled, in this country, may be nearly as large today as the consumption of the tax paid product.

Another method of computing the consumption of bootleg liquor in the country is by estimating the total production capacity of illicit stills in operation in the country. The results of such

TABLE III
NUMBER OF ILLICIT STILLS SEIZED DURING THE YEARS 1926-1934[1]

Fiscal Year	Number of Illicit Stills Seized
1926	24,475
1927	26,393
1928	35,200
1929	27,336
1930	24,318
1931	21,541
1932	23,165
1933	16,602
1934	9,237
1935 (estim.)	15,000

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[1] Compiled from U. S. Bureau of Industrial Alcohol—"Statistics concerning Intoxicating Liquor," December 1933 and the weekly press releases, 1934, of the United States Alcohol Tax Unit. This drop was due to a heavy reduction in the number of federal enforcement officers during the first half of the fiscal year 1934.

TABLE IV
SEIZURES OF ILLICIT STILLS IN WET AND DRY STATES, RESPECTIVELY, DURING THE FIVE MONTHS' PERIOD OF APRIL 29 TO SEPTEMBER 29, 1934[1]

Month	Stills Seized	Daily Capacity Gallons	Average Daily Capacity Gallons	Mash Gallons Seized	Arrests
Apr. 29-May 26	1,192	186,449	156.4	965,227	1425
May 27-June 30	1,393	280,613	201.4	2,121,206	2385
July 1-July 28	1,061	151,815	143.1	1,774,493	1942
July 29-Aug. 25	1,266	216,708	171.2	1,425,921	2067
Aug. 25-Sept. 29	1,291	206,389	159.9	1,984,615	2515
	6,203	1,041,974	167.97	8,271,462	10,334
	WET STATES—Population 89,438,606				
Apr. 29-May 26	564	101,853	180.6	588,988	815
May 27-June 30	558	180,929	324.2	1,545,351	1089
July 1-July 28	466	73,040	156.7	1,335,451	810
July 29-Aug. 25	390	62,700	160.8	898,717	867
Aug. 25-Sept. 29	525	101,974	194.2	1,384,384	1115
	2,503	520,496	207.94	5,752,891	4696
	DRY STATES—Population 35,703,000				
Apr. 29-May 26	628	84,596	134.7	376,239	610
May 27-June 30	835	99,684	119.4	575,855	1296
July 1-July 28	595	78,775	132.4	439,042	1132
July 29-Aug. 25	876	154,008	175.8	527,204	1200
Aug. 25-Sept. 29	766	104,415	136.3	600,231	1400
	3700	521,478	140.9	2,518,571	5638

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[1] Compiled from the weekly press releases of the United States Alcohol Tax Unit.

TABLE V
SEIZURES OF ILLICIT STILLS BEFORE AND SINCE REPEAL[1]

	Fiscal Year 1933	Five-month Period May-Sept., 1934
Stills Seized		
Wet States	8,722	2,503
Dry States[2]	7,589	3,700
Total	16,311	6,203
Spirits Seized		
Wet States	1,195,922	248,993
Dry States	237,372	92,940
Total	1,433,294	341,933
Mash Seized		
Wet States	22,657,867	5,752,891
Dry States	4,877,502	2,518,571
Total	27,535,369	8,271,462
Arrests		
Wet States	50,170	4,696
Dry States	22,820	5,638
Total	72,990	10,334

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[1] Compiled from the aforementioned report of the United States Bureau of Industrial Alcohol 1933 and the weekly releases of the United States Alcohol Tax Unit.

[2] The following states were dry in the summer of 1934: Alabama, Arkansas, Florida, Georgia, Idaho, Kansas, Kentucky, Maine, Mississippi, Nebraska, North Carolina, North Dakota, Oklahoma, South Dakota, South Carolina, Texas, Utah, West Virginia, Wyoming. Since then the following states dropped out of the dry group: Florida, Idaho, Maine, Nebraska, South Dakota, and West Virginia. The number of dry states is now (November 1934) thirteen.

an estimate conform with those just presented. It may be safely assumed that the number of illicit stills in operation at any given moment in the country is at least equal the number seized in the course of a month (1,250), and that the average still has a life of only thirty days, and operates only twenty days out of the thirty. Upon that basis, the annual production of the stills will aggregate 48,000,000 gallons (daily capacity times number of operating days in a month and times the number of months, or 200,000 x 20 x 12 = 48,000,000).

If we add to this figure two million gallons for smuggled liquor and deduct 10 per cent for seizures of liquor, breakage, and like things, we obtain the figure of 45,000,000 gallons as representing the total volume of bootleg liquor actually reaching the consumer in the course of a year. This is but 85 per cent of the estimated tax paid consumption of liquor amounting to 51,000,000 gallons a year. The losses to the federal treasury on that basis would aggregate $90,000,000 and to the states and local government $45,000,000, or a total loss to all public authorities of $135,000,000 a year.

THE NATURE OF THE BOOTLEG OPERATIONS

It is obvious from the nature of the seizures and arrests made that the bulk of the illicit production of liquor is conducted by large scale organizations. Each successive function in the production and distribution of the illicit liquor, such as the supplying of molasses or other materials for distillation, the distillation itself, the distribution of alcohol in wholesale quantities, the operation of a cutting plant, and the retailing of the final product is usually carried on by a different group. Generally, the organization engaged in the distillation either operates simultaneously several stills, or else has one or more extra stills ready to be put to work the moment the one operated at the time is seized, so that there should be no interruptions in the business. Most of the stills are moderate in size, for it is easier to evade detection by operating a medium-sized still than a large one, and the financial losses sustained in the case of a seizure of a smaller still are less serious. It may cost only $10,000 to install a still with a capacity of 500 gallons a day, but it would cost from $50,000 to $100,000 to set up one having a capacity of four to five thousand gallons a day. The shift to smaller stills seems to be clearly in evidence at the present time.

The price of the alcohol produced illicitly generally fluctuates around $2.00 a gallon in large lots and $2.50 in small lots. The alcohol is generally of good quality.[1]

The bootleg alcohol thus produced reaches the consumer in a great variety of ways. Some of it is used, in conjunction with tax paid spirits, by supposedly legitimate dealers or rectifiers, in the production of a supposedly legitimate whiskey or gin. The final product containing the non-tax paid or only partly tax paid liquor is placed on the market through licensed wholesalers, frequently former bootleggers. The liquor thus produced is sold to the retailers or restaurants at prices much below the ordinary ones. The retailer or restaurant owner purchasing such liquor generally knows that it cannot be altogether tax paid and legal at that price. The final consumer of the liquor is generally unaware of its illegitimate origin.

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[1] Recently, however, according to a statement issued by the Alcohol Tax Unit, in December 1934, the quality of bootleg liquor has begun to deteriorate. Because of the closer watch established now by the government over the production and sale of molasses and the greater difficulty involved in procuring them, some bootleggers, according to that statement, have turned to denatured alcohol as a source of production of pure alcohol. The alcohol produced that way, however, necessarily contains harmful ingredients.

Some of the alcohol illicitly produced is used in the manufacture of counterfeited brands. There is hardly a brand of liquor on the market today that is not being counterfeited. The counterfeiters buy empty bottles, which originally contained genuine liquor, from dealers in empty bottles. They procure counterfeited labels, wrappers, corks and strip stamps from dealers specializing in the business of supplying complete outfits of these materials for almost any brand. A case of twenty-four empty pint bottles with a complete outfit of the requisite materials, short of the liquid itself, can be had on call in the underground market of New York City at a price of $4.00 to $4.50. The counterfeited bottles are sold to patrons of hotels, through bell boys, especially at night when liquor stores are closed and the patrons have no other way to procure liquor for a party. They are served also in speakeasies and like places. Licensed retailers seldom knowingly handle counterfeited brands.

A considerable amount of the illicitly produced alcohol goes into the production of cheap gin or straight whiskey sold to restaurants and bars of the lowest type—licensed ones as well as unlicensed ones—in tin cans or other containers, as frankly bootleg liquor. Liquor of this sort generally sells at $2.50 to $3.50 a gallon and is served at the counter from refilled bottles at ten or fifteen cents a drink. Finally, a substantial quantity of bootleg liquor is sold to the ordinary restaurants and bars, without pretension as to its real nature, for use in cocktails and other mixed drinks.

Perhaps the most conspicuous feature of the present day consumption of bootleg liquor, at least in wet states, is the fact that it is now confined very largely to two types of consumers: (a) the indiscriminate and very heavy drinker who does not care whether the liquor is legitimate or not so long as it meets his immediate requirements and costs little, and (b) the consumer who does not know that he is being served bootleg stuff. There is a third class, (c) the consumer who demands liquor by the drink in states where the dispenser cannot buy legal liquor for such sale. The large number of consumers who drink moderately no longer use the services of private bootleggers who supplied them with fairly good liquor for years, but buy their liquor in the retail stores. The inquiry made in the course of this study among the consumers of this kind has definitely established this preference among them for the store.

This shift in purchasing has become especially pronounced since the appearance on the market of a number of new brands, especially of blended whiskey, of very acceptable quality and moderate price. The people who in the beginning were highly suspicious of the retail store have become less so today. As a result of this development the old time private bootlegger is disappearing rapidly at least in areas in which there are many retail stores.

THE REASONS FOR THE PERSISTENCE OF BOOTLEGGING

The reasons for the persistence of bootlegging are not difficult to find. They are (1) high taxes and the consequent high prices of liquor and opportunity for bootleggers to make large profits from their tax free products; (2) the still relatively poor quality of liquor offered by many legitimate producers, and the consequent continued low regard which the consumer has for a great part of the legitimate product and the opportunity for the bootlegger to retain his hold on the consumer, since he can, under the circumstances, offer the consumer liquor of the same or even better quality at lower price; and finally (3) the fact that bootlegging has become so deep-rooted in American life as a result of almost twenty years of active operation that it does not lend itself to immediate uprooting. Thousands of persons have become so deeply involved in the bootlegging business financially and otherwise that it has become exceedingly difficult for them to leave it, even if they wished to do so.

It is stated by some that inefficient organization of the legitimate liquor industry is in part responsible for the high prices and poor quality of liquor. This situation is bound to improve. As time goes on, prices will probably come down and an adequate supply of better domestic whiskey—both blended and aged—will appear on the market. As to the persistence of bootlegging as an acquired habit and mode of earning a living, the elimination of the possibility of earning a profit will offer an effective cure.

The Need for a Reduction in the Liquor Tax

The present taxes of $2.00 a gallon for the federal government and the $1.00, which is the prevalent state levy, unquestionably handicap the legitimate dealer in his competition with the bootlegger. Together with the license fees imposed on retailers, wholesalers, and distillers, they constitute a total charge of $10.50 on a case, $3.50 on a gallon, and $.88 on a quart of whiskey. This means a total tax charge on the cheap whiskey retailing at $1.50 a quart of 60 per cent of the price, and on the more expensive domestic brands of 20 to 40 per cent. As shown by the writer in a previous study,[2] by avoiding all or most of these taxes and also certain other overhead expenses of legitimate dealers, such as advertising, bootleggers can make profits of $10.00 a case on moderate priced whiskeys and yet undersell the legitimate dealer by $5.00 or $6.00 on a case.

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[2] *Taxation of Liquor.* Citizens' Committee for Sane Liquor Laws. 485 Madison Avenue, New York City, 1934.

TABLE VI
COST STRUCTURE OF A CASE OF 12 FIFTHS OF STRAIGHT UNAGED WHISKEY, 94% PROOF RETAILING AT $1.50 A FIFTH

I Distiller	
Cost of manufacturing (incl. liquor $1.25, bottling and packing $1.00, delivery 60 cents, overhead, 12½%, 40 cents)	$3.25
Federal tax $4.51 and strip stamps 12 cents	4.63
Total cost	7.88
Price obtained	9.10
Net profit	1.22
II Wholesaler	
Price paid to distiller	9.10
State excise	2.40
12 to 15% mark up (gross profit)	1.25
Price obtained	12.75
III Retailer	
Price paid to wholesaler	12.75
Mark up 35 to 40% in the case of cheap liquors; less in the case of dearer ones (gross profit)	5.25
Price obtained from consumer	18.00
IV Consumer	
Price paid at $1.50 a fifth	18.00

SUMMARY
COST STRUCTURE OF A BOTTLE (A FIFTH) OF THE FOREGOING WHISKEY

Cost of liquor	$ .10½
Bottling and packing and distiller's overhead	.11½
Delivery to wholesaler	.05
Profits of distiller	.10
Gross profits of wholesalers (including cost of license)	.10½
Gross profits of retailers (including cost of license)	.43½
Federal and state taxes	.59
	$1.50

The information in Table VI furnished by a reputable distiller shows the price structure of a cheap brand of whiskey under legitimate production. The whiskey in this case is unaged. A bootlegger sells whiskey of like quality, one to five gallon containers, at less than one-half of this price and makes a handsome profit.

It should be noted that these prices refer to a case of *fifths* and not quarts. If they were quarts, all figures would be one-fifth higher. The most effective and the quickest way of eliminating the bootlegger, undoubtedly, is to reduce materially the liquor tax. A reduction in the combined federal and state taxes from $3.00 a gallon to $2.00 would be sufficient to bring that result about. A reduction of this nature would by no means cause a corresponding loss of revenue to the federal treasury, since the lower rate would be collected on a much larger volume of reported tax paid liquor than is the present higher rate. The low rate would need to be maintained for only about two or three years—long enough to destroy the bootlegging industry. The rate could be increased gradually after that.

THE NEED FOR A REDUCTION IN THE CUSTOMS DUTIES ON LIQUOR

Simultaneously, with the reduction in internal taxes, a reduction in the customs duties should be made. The present duty of $5.00 a gallon, together with the federal excise of $2.00 and the state excise of $1.00, raises the costs of imported liquor to a prohibitive figure of $4.00 to $5.00 a fifth and bars substantial importations, for only the well-to-do can afford to pay such high prices, and their consumption is not large enough to justify large importations. It is significant that the collections of revenue from importations of liquor have proven even more disappointing than any of the other classes of revenue from alcoholic beverages. In accordance with the official estimates submitted to it, Congress expected the $5.00 duty to produce a revenue of $100,000,000 a year on 20,000,000 gallons of expected annual importations. Instead, the duty will produce only $30,000,000 on importations aggregating only 6,000,000 gallons. (See Tables I and VII.)

Such high taxes encourage smuggling. The saving in taxes through smuggling amounts to $21.00 to $26.00 on a case costing only $9.50. This large margin of saving not only covers the costs of illicit operations but furnishes the smuggler a handsome reward for his efforts.

The duty should be reduced for the next two or three years to $2.50 a gallon. The effect of such a reduction would be to increase materially the importations and to reduce smuggling. The loss in revenue to the treasury from such a reduction in the rates would probably be very small or even none, since the volume of legitimate importations would increase materially under the lower rates. The increased importations would have the further beneficial effect of forcing the prices on domestic liquor down and thus further assisting the government in the suppression of bootlegging. Inasmuch as the importations would still be subject to the same internal duty of $2.00 a gallon, the domestic product would still have a substantial advantage in costs over the foreign goods under the lower duty.[3]

THE NEED FOR COORDINATION OF FEDERAL AND STATE LIQUOR TAXES

As shown in Table IX, the states obtain from taxes, license fees, and other impositions on alcoholic beverages and trade a total annual revenue of approximately $106,000,000. Of this sum, $25,000,000 may be ascribed to liquor taxes levied on a gallon basis and $16,000,000 to state liquor store profits in states having a liquor monopoly. The license fees and beer taxes have produced each between thirty and thirty-three million dollars. The gallonage taxes and monopoly profits average about $.90 a gallon.

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[3] Certain members of the committee feel that there should be no additional levy, thus leaving the differential between domestic and foreign liquor at fifty cents a gallon.

The experience of the states with the collection of gallonage taxes clearly shows that the collection of them by a state is cumbersome, expensive, and not altogether effective. The tax is collected from wholesalers, either by means of revenue stamps or through a system of declaration and self-assessment by the wholesaler. Under the first method the

TABLE VII
IMPORTS OF WINES AND LIQUORS IN 1934 (IN GALLONS)[1]

Month	Brandy	Gin	Rum	Whiskey	Cordials and Others	Sparkling Wines	Still Wines
January	112,371	46,383		1,285,076	115,924	137,116	656,015
February	179,714	33,339		1,359,290	166,335	153,555	751,092
March	56,191	12,889		478,454	90,257	37,444	380,088
April	33,830	8,736		283,181	64,085	21,777	242,571
May	32,507	14,126	26,804	266,911	33,258	20,726	289,075
June	36,146	11,997	30,989	303,584	35,490	23,768	266,317
July	20,157	11,223	23,156	266,194	23,002	13,596	140,794
August	23,127	9,013	21,234	321,057	14,303	12,065	125,893
September	41,454	9,562	38,663	446,345	24,166	17,504	179,431
	535,497	157,268	140,846	5,010,092	566,820	437,551	3,031,276

[1] Compiled from monthly press releases of the United States Bureau of Customs

TABLE VIII
FEDERAL REVENUES COLLECTED FROM ALCOHOLIC BEVERAGES
FROM JANUARY 1 TO SEPTEMBER 30, 1934[1]

I. Internal Revenues

	Excise Tax	Rectifiers Tax	Wines, Cordials & Grape Brandy for Fortification of Wines	Special Taxes on Distillers, etc.	Floor Tax on Spirits, Wines, etc.
January	$9,651,305	$1,005,154	$415,553	$ 769,213	
February	7,708,355	597,768	399,774	194,457	$3,964,753
March	8,742,611	615,707	358,393	154,590	642,695
April	6,843,650	502,662	313,873	103,927	310,353
May	7,278,324	391,946	345,320	72,167	181,535
June	7,118,336	287,550	329,339	1,203,220	200,703
July	7,416,476	416,575	238,604	2,504,782	155,749
August	8,914,094	459,658	306,398	1,056,814	2,557,164
September	11,608,865	473,151	579,191	236,093	158,214
	75,282,016	4,750,171	3,286,415	6,295,263	8,171,166

I. Internal Revenues (continued)

	Tax on Beer	Special Taxes on Dealers, Brewers, etc.	Bottle Containers and Case Stamps	Internal Taxes on Imported Spirits	Internal Taxes on Imported Wines and Cordials	Total
January	$10,226,511	$65,008				$22,132,744
February	9,316,458	50,712	$807,093			23,039,370
March	13,175,305	55,613	563,563	$4,012,447		28,320,924
April	14,366,364	60,601	363,940	855,738		23,721,108
May	19,860,164	52,397	252,570	764,084		29,198,507
June	22,871,590	867,137	275,720	787,411		33,941,006
July	25,316,019	1,771,974	242,389	727,563	33,449	38,823,580
August	23,301,971	799,345	330,118	754,108	86,710	38,566,380
September	17,209,043	190,619	490,410	1,065,768	(—13,746)	31,997,608
	155,643,425	3,913,406	3,325,803	8,967,119	106,413	269,741,227

II. Customs Duties

Month	Distilled Liquor	Still Wines	Sparkling Wines	Total
January	$3,071,268	$604,265	$304,662	$3,980,195
February	2,887,952	552,698	274,098	3,714,748
March	3,154,272	475,067	224,659	3,853,998
April	1,930,187	303,209	130,662	2,364,058
May	1,886,225	390,107	127,934	2,404,266
June	2,039,023	332,420	140,434	2,511,877
July	1,688,529	175,382	79,506	1,943,417
August	1,919,037	157,103	71,616	2,147,756
September	2,703,353	223,569	102,619	3,029,541
October	3,513,560	268,838	180,204	3,962,602
	24,793,406	3,482,658	1,636,394	29,912,456

[1] Compiled from monthly press releases of the United States Bureau of Internal Revenues.

TABLE IX
REVENUE COLLECTIONS BY STATES FROM TAXES ON ALCOHOLIC BEVERAGES AND LICENSE FEES, 1934[1]

<table>
<tr><th rowspan="2">State</th><th colspan="2">Licenses, 1934</th><th colspan="2">Taxes for part of year 1934</th><th rowspan="2">Net Profit of State Stores for part of year 1934</th><th rowspan="2">Estimated Total for One Year</th></tr>
<tr><th>Liquor and Wine</th><th>Beer</th><th>Liquor and Wine</th><th>Beer</th></tr>
<tr><td>Arizona</td><td colspan="2">101,250</td><td colspan="2">(8) 341,900[a]</td><td></td><td>500,000</td></tr>
<tr><td>California</td><td colspan="2">2,001,500</td><td colspan="2">(8) 845,097</td><td></td><td>3,300,000</td></tr>
<tr><td>Colorado</td><td colspan="2">95,138</td><td>(9) 472,301</td><td>(9) 70,152</td><td></td><td>800,000</td></tr>
<tr><td>Connecticut</td><td colspan="2">350,000</td><td colspan="2">(6) 650,000</td><td></td><td>1,800,000</td></tr>
<tr><td>*Delaware</td><td>(1) 41,250</td><td>57,400</td><td>64,300</td><td>48,551</td><td>Unavailable</td><td>250,000</td></tr>
<tr><td>Illinois</td><td colspan="2">1,376,184</td><td>(7) 1,591,246</td><td>(7) 1,587,721</td><td></td><td>6,700,000</td></tr>
<tr><td>Indiana</td><td>59,275</td><td>1,345,161</td><td>(8) 295,160</td><td>(8) 838,037</td><td></td><td>3,100,000</td></tr>
<tr><td>*Iowa</td><td>40,694[b]</td><td>76,781</td><td></td><td>(8) 591,469</td><td>Unavailable</td><td>1,300,000</td></tr>
<tr><td>Kentucky</td><td>387,089</td><td>220,000[c]</td><td>(5½) 937,964</td><td>(11) 526,951</td><td></td><td>3,300,000</td></tr>
<tr><td>Louisiana</td><td>17,362</td><td>20,375</td><td>(1) 141,540</td><td>(5) 394,644</td><td></td><td>2,700,000</td></tr>
<tr><td>Maryland</td><td colspan="2">Unavailable</td><td colspan="2">(5) 494,000</td><td>Unavailable</td><td>1,200,000</td></tr>
<tr><td>Massachusetts</td><td colspan="2">717,304</td><td colspan="2">(10½) 2,089,965</td><td></td><td>3,000,000</td></tr>
<tr><td>*Michigan</td><td></td><td>426,412[d]</td><td></td><td>(9½) 2,861,243[d]</td><td>(9½) 1,674,503.87</td><td>6,300,000</td></tr>
<tr><td>Minnesota</td><td>93,310</td><td>30,082</td><td>(7½) 517,170</td><td>(7½) 1,205,995</td><td></td><td>2,900,000</td></tr>
<tr><td>Missouri</td><td>391,028</td><td>49,587</td><td>(7½) 626,713</td><td>(7½) 201,026</td><td></td><td>1,600,000</td></tr>
<tr><td>*Montana</td><td></td><td>263,200</td><td></td><td>(9) 160,059</td><td>324,194.90[e]</td><td>1,000,000</td></tr>
<tr><td>Nevada</td><td>Unavailable</td><td></td><td>Unavailable</td><td>Unavailable</td><td></td><td>Unavailable</td></tr>
<tr><td>*New Hampshire</td><td></td><td>130,115</td><td></td><td>(8) 104,016</td><td>Unavailable</td><td>500,000</td></tr>
</table>

TABLE IX (Continued)

States	Licenses, 1934			Taxes for part of year 1934			Net Profit of State Stores for part of year 1934	Estimated Total for One Year
	Liquor and Wine		Beer	Liquor and Wine		Beer		
New Jersey		519,326			(8) 2,852,022			4,500,000
New Mexico		Unavailable[h]			(2) 72,804			Unavailable
New York	8,400,000		6,600,000	(9) 4,414,879		(9) 4,464,451		27,000,000
*Ohio	2,165,605		12,284	(4) 1,890,476		(8) 1,754,449	(12) 600,000	10,000,000
*Oregon		110,002[e]			166,612[f]		(12) (est.) 350,000	700,000
*Pennsylvania		(9) 3,064,695[g]		(9) 2,225,204[h]		(9) 4,000,000	(8) (est.) 4,000,000	15,000,000
Rhode Island		(2½) 14,690		131,898		(2½) 191,851		1,900,000
*Vermont		Unavailable		Unavailable		Unavailable		Unavailable
*Virginia	(8) 83,965[i]		(8) 35,119[i]			(5) 442,974	(12) 1,750,000	3,000,000
*Washington			(6) 221,131			(6) 526,719	(12) (est.) 1,500,000	2,500,000
Wisconsin	(7) 99,320[i]		Unavailable	(7½) 1,022,178		(5) 1,187,122		4,250,000
								106,200,000

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[1] Prepared from information supplied by the tax collecting agencies and legislative reference librarians of the various states; and by Mr. Laszlo-Ecker of the Federal Employment Relief Administration who prepared a similar estimate in June 1934. The figures include only revenues collected by state agencies. The amounts collected locally from license fees are not included, since the information on them is unavailable. The numerals in front of the figures designate the number of months covered by the collections. The * in front of the names of states indicate the state has a liquor monopoly. This table does not cover the six states which became wet in the fall of 1934 (see footnote 2 to Table V).

[a] 98,900 liquor, wine and beer excise, revenue for 8 months; $243,000 revenue from luxury tax on liquor, wine, and beer for little less than a year.

[b] Figure $40,694 represents $3,745 collected from doctors and druggists for special permits, and $36,949 from permits to individuals allowing purchase at State stores.

[c] Beer licenses renewable as of July 1. This amount includes license from 9/26/33 to 6/30/34 and 6/30/34 to 6/30/35.

[d] Two license periods: $412,457—12/15/33 to 6/30/34; and $13,955—7/1/34 to 9/30/34.

[e] Includes alcohol tax.

[f] Indicates light wines and beers.

[g] Does not include license fees for the retail sale of beer which are locally collected.

[h] Principally floor tax of $2.00 on liquors.

[i] Does not include retail liquor license fees which are collected locally.

wholesaler purchases revenue stamps from the state and furnishes them to the retailer, who in turn affixes them to the bottles the moment he opens the case. In addition he is generally required to submit a periodic report on his total sales.

Under this plan the state receives its money before the sale is consumated by the wholesaler. The wholesaler is required to submit to the collecting agency periodically a report accounting for his purchases of revenue stamps and his disposition of them. Under the second method the wholesaler submits a monthly report to the state, showing the aggregate of his sales during the past month, together with a check covering the tax due on them. Under this plan the state receives the money only some time after the sale. There is a certain amount of delinquency requiring a constant follow up; and there are also losses, since some of the wholesalers move away or disappear without completing their payments. Under either plan of collection the collecting agency must do considerable checking and cross checking of reports, both in the office and in the field, and maintain a substantial staff of investigators and auditors for this work.

Legal limitations on the powers of the states to tax articles in interstate commerce cause great difficulties in the way of an effective collection of gallonage taxes on a state basis. Since the goods shipped to another state are not liable to a tax in the state from which they are exported, evasion of the tax is possible through false claims by wholesaler of exportations made by them to other states. It is necessary, therefore, for state collectors to require of wholesalers reports giving full details of all their shipments to other states, with the quantity of the shipment, name of the addressee, and other like information and containing proofs of the shipments in the form of invoices and like documents. Exemptions from the tax are granted only upon the submission of such proofs. Reports of this nature must be checked. Unless the collecting agencies of the other states are willing to coöperate, it becomes impossible to verify the correctness of the claims. Each state must also guard against the sale of liquor imported from another state without the payment of the tax. Since it is very difficult to check on importations by retailers, many states prohibit importations otherwise than through a wholesaler licensed in the state. Hence, even though the liquor is purchased from a wholesaler originally, if that wholesaler is located in another state, one more wholesaler, licensed in the state of importation, must handle the liquor before the retailer can have it. Manifestly, the second wholesaler must be compensated for his services. The result is an unnecessary pyramiding of costs. It becomes necessary for the collecting agencies of the states continually to exchange information as to shipments allegedly made to other states. If the agencies of some states do not coöperate fully, the states that do cannot effectively collect their taxes. Thus, the whole system of collection of gallonage taxes by state jurisdictions is full of complications and red tape resulting in tremendous waste.

The greater part of present day expense and effort could be saved if the states were to agree to have the federal government collect the gallonage taxes for them. The tax in this case could be collected at the source from the distiller. It would be collected before the liquor is released, and the expense of collection would be very small. It would make no difference in this instance whether a case of liquor was shipped by a wholesaler from one state into another, since the tax would be paid long before. Tax evasion would be reduced to a minimum and delinquencies would be non-existent. With the same rates, the states would obtain more revenue.

The revenues could be apportioned among the states either in proportion to the population contained in their wet areas, or else, in proportion to the volume of sales of liquor in each state. It should not be difficult to ascertain what the proportion is.

The federal government could levy a total tax of $2.00 a gallon, retain $1.25 and distribute the $.75 part of the proceeds among the states. The loss of revenue to the states under the lower rate ($.75 instead of $1.00) would be negligible or even non-existent. For the reduction in the collections per gallon would be compensated by the increase in the number of gallons on which the taxes would be collected. This would be a direct outcome of (1) a shift in consumption from bootleg to legitimate liquor as a result of the reduction in the combined federal and state taxes, and of the subsequent drop in prices of liquor, and (2) of the improvement in collections under the system of centralized collection at the source. But under any plan of rates the collection of the liquor taxes should be centralized.

The Revenues from State Liquor Stores

It is yet too early to pronounce any judgment on the relative merits of state stores and private stores as agents of distribution of liquor, and incidentally, as producers of revenue for the state.[4] The state stores have been in operation only a few months and the statistics of their revenues, expenditures, and net profits are very incomplete. It seems, however, as if their net revenues would probably amount to about $1.00 per gallon of liquor sold, notwithstanding the fact that with the exception of imported goods they are selling liquor at prices 10 to 20 per cent below those prevalent in states with private stores. (See Table X.)[5]

One of the most important reasons why the state stores are able to sell liquor at such low prices is their low overhead which, in turn, is due to the concentration of the business in comparatively few stores. As shown in Table XI, in the eight states having a state monopoly, there is one store for every 20,900 inhabitants; in the states dependent on private stores for their distribution there is one store for every 2,260 inhabitants.

Tax on Beer not Excessive

Let us turn now to the consideration of taxes imposed on beer. These taxes, comprised of a federal tax of $5.00 a barrel and generally, a state tax of $1.00 a barrel, are not excessive. They represent a tax charge of only 1½c on a ten-cent glass of beer, which is the glass most commonly sold, and of 1c on the more exceptional five-cent glass of beer (as shown in Table XII below). This charge does not materially increase the price of beer to the consumer, nor does it seriously interfere with the ability of the brewer or bar owner to earn a reasonable profit on his investments and efforts. Neither is it large enough to induce any extensive bootlegging in beer. A careful check-up shows, as already stated, that there is very little bootlegging of beer under the present rate of the tax. The total consumption of beer may be disappointing to the government from a fiscal point of view. However, its consumption could not be materially increased (even if it were desirable to do so) by a reduction in the tax. The rates of the tax seem to be sound.

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[4] The states having a liquor monopoly in October 1934 were as follows: Delaware, Iowa, Michigan, Montana, New Hampshire, Ohio, Oregon, Pennsylvania, Vermont, Virginia, and Washington. In November 1934 one more state—Maine—adopted the monopoly system. Thus there were twelve monopoly states in November 1934.

[5] The expensive imported liquors are generally sold in state stores at higher prices than in private stores (see Table X). This is due to the fact that it is difficult to dispose of the expensive goods. Competition among private stores has brought down the price on these liquors to a point where the retailer makes but a very small profit, and in some cases almost none, on the sale of the imported goods. For example, a bottle of Martel's retailing at $3.89 costs the retailer $3.50.

READJUSTMENTS NEEDED IN LICENSE FEES

The license fees charged in most states to manufacturers and wholesalers are not excessive. The provision in the

TABLE X

COMPARATIVE PRICES OF LIQUOR IN STATES WITH PRIVATE STORES AND STATES WITH LIQUOR MONOPOLIES, SEPTEMBER-OCTOBER, 1934[1]

Prices Per Bottle

Brand of liquor and size of bottle	In New York State (N. Y. City) Private Stores		In Monopoly States			
		Pennsylvania	Virginia	Iowa	Montana	Washington
Sweepstakes, 1/5	$1.29	$1.00	$1.10		$1.20	$ .95
Frontier, pt.	.95		.65			
Crab Orchard, pt.	.89-.99[a]	1.15	.95	$1.15	1.00	.85
Mayflower, pt.	1.20	1.15			1.15	
Rewco, pt.	1.25	1.15	.95	1.20		.85
Seagram's 5 Crown, pt.	1.42		1.15	1.35	1.40	
DeWar White Label, 1/5	3.89	3.75	4.20		4.35	3.45[b]
Martel, 3 Star, 1/5	3.89	4.50	4.70	4.50	5.00	4.25
Fleischman's Gin, 1/5	1.55	1.25	1.25	1.45	1.35	1.05

[1] Figures obtained from lists of posted prices of state liquor stores and from private retailers.

[a] This is a cut rate price. It is exceptionally low due to the fact that Crab Orchard is used generally in New York City stores as a leader intended to attract customers. It is only a few cents above the wholesaler's price.

[b] This whiskey is imported in barrels and is bottled by the monopoly itself.

TABLE XI

NUMBER OF PACKAGE RETAIL STORES IN STATES WITH PRIVATE STORES AND THOSE WITH STATE STORES, RESPECTIVELY, IN 1934[1]

States with Private Stores	Population	Number of Package Stores	States with State Stores	Population	Number of Stores
California	6,062,000	7,096	Iowa[2]	2,482,000	52
Colorado	1,052,000	205	Michigan[2]	5,043,000	100
Indiana	3,291,000	900	Montana	537,000	92
Kentucky	1,900,000	781	New Hampshire	469,000	10
Louisiana	2,153,000	2,400	Ohio[2]	6,798,000	121
Massachusetts	4,313,000	1,450	Oregon	983,000	22
Missouri	3,668,000	1,294	Pennsylvania	9,989,000	269
New York	12,965,000	1,621	Virginia	2,441,000	65
	35,404,000	15,747		28,742,000	1,431

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[1] Compiled from returns to a questionnaire.

[2] Not including "agencies."

TABLE XII

THE COST STRUCTURE OF A BARREL OF BEER (31 GALLONS)

I. Brewer	
Material cost	$2.00
Cost of manufacturing	1.90
Administrative cost	.85
Delivery	.65
Selling cost	.75
Total production cost	$6.15
Federal tax	5.00
State tax (average)	1.00
Total cost	12.15
Price obtained	15.00
Net Profit	2.85
II. Bar	
Price paid	15.00
Price obtained (396 10 oz. glasses @ 10 cents or 660 6 oz. glasses @ 5 cents)	33.00 to 39.60
Gross profit	$18.00 to $24.60

laws of many states, however, prohibiting wholesalers located in other states from selling liquor to retailers if they have no license in that state is unreasonable. It increases unnecessarily the costs of liquor. In most states, too, license fees for the privilege of selling liquor on the premises are fixed at a uniform rate, without regard to the size of the dispensing establishment and the volume of its business. A large hotel will pay the same fee as a small restaurant. This is obviously unfair. Similarly, the license fees charged to the package retail stores are generally fixed without regard to the size of the store. A large department store selling a huge quantity of liquor will pay the same license fee as a small establishment. Inequalities of this nature should be corrected in future legislation.[6]

About one-half of the revenue collected by the states from the taxation of the alcoholic beverages and of the trade conducted therein should be either apportioned among the local governments or used to provide a state subsidy to them for a support of certain services.

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[6] For more detailed information on the rates of the license fees in various states and a more elaborate critique of them see the writer's report on *Taxation of Liquor* mentioned in footnote 2.

NOTE—Appreciation is due to the various federal and state officials, persons connected with the liquor trade, and other individuals who supplied information for this study, particularly Commissioner Joseph H. Choate, Federal Alcohol Control Administrator, Mr. L. L. Ecker-R of the Federal Emergency Relief Administration, Mr. Henry I. Peffer of the Seagram Distilling Company, and finally to the several investigators on the FERA rolls who assisted in this work.

TABLE XIII

PRODUCTION AND CONSUMPTION OF DOMESTIC ALCOHOLIC BEVERAGES IN THE UNITED STATES FROM DEC. 1, 1933 TO JULY 31, 1934[1]

Production of Distilled Spirits (in thousands of gallons)

Month	Whiskey	Rum	Gin	Brandy	High Wines	Alcohol
December 1933	4,794	125	553	297	—	15,396
January 1934	6,567	77	319	357	24	13,756
February	7,211	38	286	423	13	13,810
March	9,009	141	455	649	27	12,313
April	8,828	72	134	532	70	12,731
May	8,695	51	122	430	35	13,478
June	7,284	39	222	297	—	12,998
July	8,182	12	518	99	3	14,202

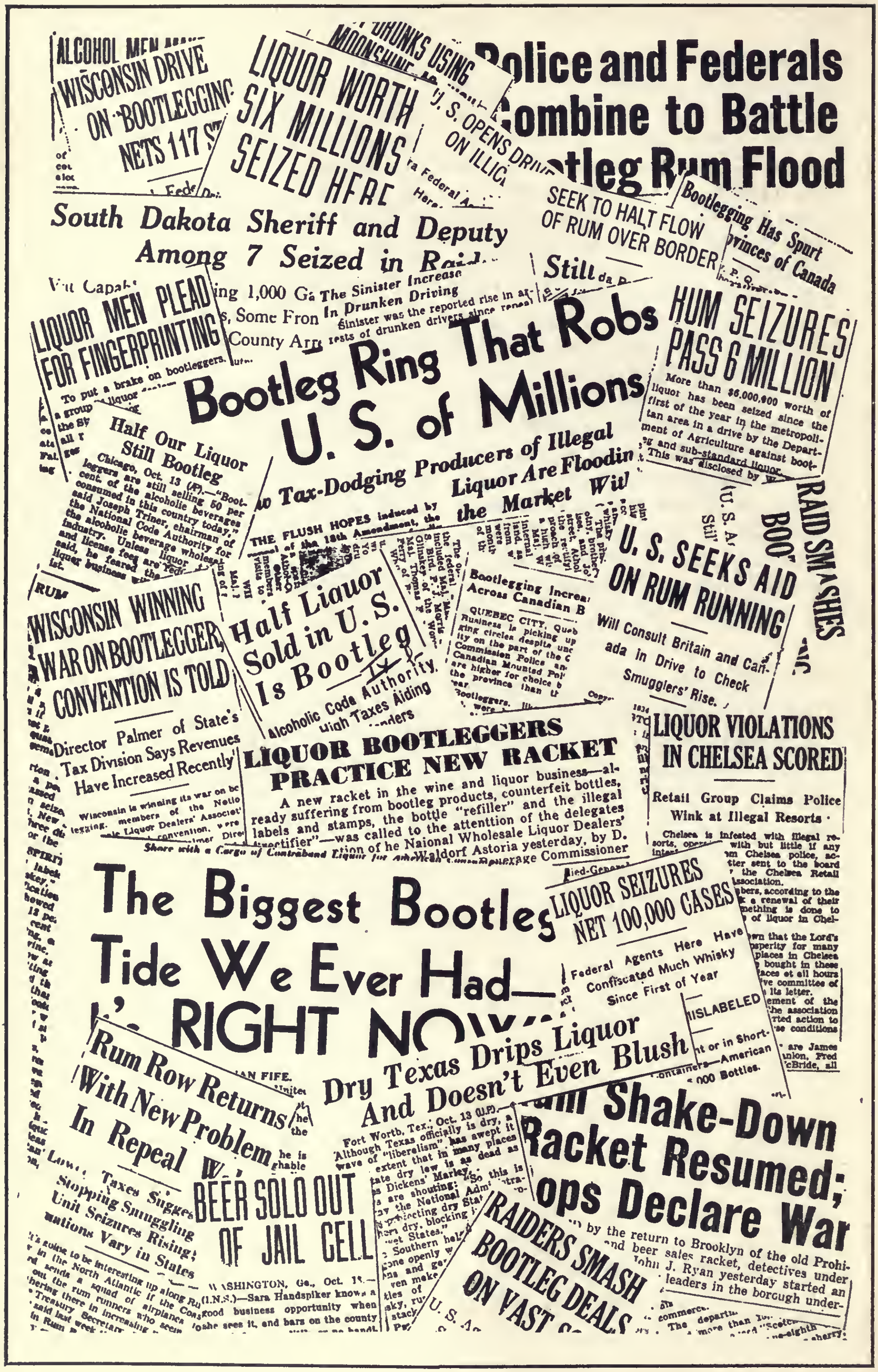
Withdrawals of Distilled Spirits for Consumption (in thousands of gallons)

Month	Whiskey	Rum	Gin	Brandy	High Wines	Tax paid Alcohol	Total
December 1933	3,753	48	334	224	—	3,748	8,107
January 1934	2,828	33	336	223	24	2,956	6,400
February	1,893	12	285	110	—	1,522	3,822
March	2,376	21	254	139	12	1,558	4,360
April	2,124	7	160	115	5	1,025	3,436
May	2,097	12	185	83	6	1,173	3,556
June	1,974	5	304	70	13	1,176	3,542
July	2,209	16	441	56	25	1,052	3,799
							37,022

Wine and Beer

Month	Still Wine Production	(thous. gal.) Withdrawal	Sparkling Wine Production	(thous. gal.) Withdrawal	Beer Production	(thous. gal.) Withdrawal
December 1933	10,456	3,215	—	99	2,119	2,165
January 1934	3,434	1,705	—	27	2,494	2,008
February	1,309	1,235	—	19	2,422	1,865
March	1,572	1,658	—	16	3,263	2,625
April	1,473	1,371	—	12	3,703	2,855
May	974	1,116	—	14	4,455	3,796
June	848	1,498	—	15	4,826	4,550
July					5,075	4,939

[1] Compiled from figures furnished by the Alcohol Tax Unit, United States Treasury.



ALCOHOL MEN

WISCONSIN DRIVE ON BOOTLEGGING NETS 117 S

LIQUOR WORTH SIX MILLIONS SEIZED HERE

DRUNKS USING MOONSHINE

U. S. OPENS DRIVE ON ILLIC

Federal A
Here

Police and Federals Combine to Battle Bootleg Rum Flood

South Dakota Sheriff and Deputy Among 7 Seized in Raid

ing 1,000 Ga
s, Some From
County Arr

The Sinister Increase In Drunken Driving

Sinister was the reported rise in arrests of drunken drivers since repeal

SEEK TO HALT FLOW OF RUM OVER BORDER

Still

Bootlegging Has Spurt
Provinces of Canada

LIQUOR MEN PLEAD FOR FINGERPRINTING

To put a brake on bootleggers, a group liquor the St all r

Bootleg Ring That Robs U. S. of Millions

Tax-Dodging Producers of Illegal Liquor Are Flooding the Market With

THE FLUSH HOPES induced by of the 18th Amendment, the

RUM SEIZURES PASS 6 MILLION

More than $6,000,000 worth of liquor has been seized since the first of the year in the metropolitan area in a drive by the Department of Agriculture against bootleg and sub-standard liquor. This was disclosed by W.

Half Our Liquor Still Bootleg

Chicago, Oct. 13 (AP).—"Bootleggers are still selling 50 per cent. of the alcoholic beverages consumed in this country today," said Joseph Triner, chairman of the National Code Authority for the alcoholic beverage wholesale industry. Unless liquor and license fees are fed said, he feared the liquor business

RAID SMASHES BOO

U. S. SEEKS AID ON RUM RUNNING

Will Consult Britain and Canada in Drive to Check Smugglers' Rise.

RUM

WISCONSIN WINNING WAR ON BOOTLEGGER, CONVENTION IS TOLD

Director Palmer of State's Tax Division Says Revenues Have Increased Recently

Wisconsin is winning its war on bootlegging, members of the National Liquor Dealers' Association convention were

Half Liquor Sold in U. S. Is Bootleg

Alcoholic Code Authority High Taxes Aiding

Bootlegging Increases Across Canadian B

QUEBEC CITY, Queb. Business is picking up in bootlegging circles despite the activity on the part of the Commission Police and Canadian Mounted Police are higher for choice the province than

Bootleggers.

LIQUOR BOOTLEGGERS PRACTICE NEW RACKET

A new racket in the wine and liquor business—already suffering from bootleg products, counterfeit bottles, labels and stamps, the bottle "refiller" and the illegal "rectifier"—was called to the attenttion of the delegates ation of he Naional Wholesale Liquor Dealers' Waldorf Astoria yesterday, by D. Beverage Commissioner

Shore with a Cargo of Contraband Liquor for American

LIQUOR VIOLATIONS IN CHELSEA SCORED

Retail Group Claims Police Wink at Illegal Resorts

Chelsea is infested with illegal resorts, operating with but little if any interference from Chelsea police, a letter sent to the board by the Chelsea Retail Association.

The Biggest Bootleg Tide We Ever Had—It's RIGHT NOW

LIQUOR SEIZURES NET 100,000 CASES

Federal Agents Here Have Confiscated Much Whisky Since First of Year

MISLABELED

or in Short Containers—American 000 Bottles.

Rum Row Returns With New Problem In Repeal W

Lower Taxes Suggested Stopping Smuggling Unit Seizures Rising; ations Vary in States

It's going to be interesting up along Rum Row in the North Atlantic if the Coast Guard sends a squad of airplanes out the rum runners who seem gathering there in increasing Treasury Secretary said last week in Rum R

BEER SOLD OUT OF JAIL CELL

WASHINGTON, Ga., Oct. 13.—(I.N.S.)—Sara Handspiker knows a good business opportunity when she sees it, and bars on the county

Dry Texas Drips Liquor And Doesn't Even Blush

Fort Worth, Tex., Oct. 13 (U.P.).—Although Texas officially is dry, a wave of "liberalism" has swept it extent that in many places state dry law is as dead as Dickens' Marley. "So this is are shouting: the National Administration protecting dry States, blocking dry. "wet States." Southern openly and ven meke sky, stack

Shake-Down Racket Resumed; Cops Declare War

by the return to Brooklyn of the old Prohibition beer sales racket, detectives under John J. Ryan yesterday started an leaders in the borough under-

commerce.

RAIDERS SMASH BOOTLEG DEALS ON VAST

U. S. A

THE BOOTLEGGER IS STILL WITH US

NATIONAL MUNICIPAL REVIEW

FEBRUARY ✦ 1935

The One-House Legislature

SENATOR GEORGE W. NORRIS

Protecting the Taxpayer

EDWARD A. FILENE

Future of Public Education

HENRY C. MORRISON
JOHN K. NORTON

(FOR COMPLETE INDEX SEE PAGE 81)

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NRA
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WE DO OUR PART

THE LEAGUE'S BUSINESS

Radio Broadcasts on 1935 Legislative Problems.—Series Ten of YOU AND YOUR GOVERNMENT broadcasts, entitled "The 44 State Legislatures of 1935," is now under way and will continue until June 11. Many outstanding speakers are listed, including United States Senator George W. Norris, James A. Moffett, Federal Housing Administrator, Dr. Harold W. Dodds, President of Princeton University, Raymond Moley, and Governors Harold G. Hoffman of New Jersey, Philip F. LaFollette of Wisconsin, and H. Styles Bridges of New Hampshire. A copy of the program may be secured from the League's office.

These broadcasts are sponsored by the National Municipal League in coöperation with the Committee on Civic Education by Radio of the National Advisory Council on Radio in Education and the American Political Science Association. They are now on the air each Tuesday evening from 7:45 to 8:00 o'clock eastern standard time over a nation-wide network of the National Broadcasting Company (red network and affiliated stations). Copies of individual broadcasts may be obtained from the League's office for fifteen cents, the entire series for two dollars. The program for coming weeks is listed below:

February 12—"Government by the People." Hon. John G. Winant, Former Governor of New Hampshire.

February 19—"Simplification of Local Government." Hon. Seabury C. Mastick, Chairman, New York State Commission for the Revision of the Tax Laws; Howard P. Jones, Secretary, National Municipal League.

February 26—"How can the Legislatures Help the Police?" Chief Andrew J. Kavanaugh, First Vice-President, International Association of Chiefs of Police; Donald C. Stone, Director, Consulting and Research Division, Public Administration Service.

March 5—"Providing a Liquid Market for Home Mortgages." James A. Moffett, Federal Housing Administrator.

March 12—"Financing Emergency Relief." Arch Mandel, Field Representative, F.E.R.A.; Frederick I. Daniels, Executive Director, New York State T.E.R.A.

* * *

Consultant Service Working on City-County Consolidation.—City-county consolidation has acquired more prominence as a leading issue in municipal affairs, with the present need for economies in administration. Jacksonville and Duval County, Florida, are now working out a plan with the aid of Dr. Thomas H. Reed, Director of the League's Municipal Consultant Service. Dr. Reed has directed similar studies in Pittsburgh and Allegheny County, Pennsylvania; St. Louis and St. Louis County, Missouri; and Oakland and Alameda County, California.

The Municipal Consultant Service has completed fifteen studies of municipal administrative problems, in various parts of the country, in its first year. Its services are available to municipalities and to citizen groups, at moderate cost, for developing constructive solutions to existing financial organization problems in local government.

* * *

Portland Prize Award.—Because of the closeness of the contest, the judges in the 1934 Portland prize contest decided to divide the award of twenty-five dollars into a first prize of fifteen dollars and a second of ten dollars. These prizes have been won by Donald N. Wheeler for his paper on "Multnomah County Property Tax" and Robert Bernard, who wrote on "Federal Aid to Municipal Health." Judges in the contest were Professor Joseph P. Harris of the University of Washington, Dean Emery E. Olson of the University of Southern California, and Hollis R. Thompson, city manager of Berkeley.

* * *

Comments on the Fortieth Annual Convention of the League.—*Lawson Purdy,* Treasurer, Russell Sage Foundation: "I think the conference was a very great success. It was so well managed I can think of no improvement."

Joseph T. Miller, Chairman, The Metropolitan Plan Commission for Allegheny County: "I think you are to be congratulated on the convention of the National Municipal League

(Continued on Page 133)

Editorial Comment
◆
February

NATIONAL MUNICIPAL REVIEW

Vol. XXIV, No. 2 Total No. 224

New Responsibilities On the Way

In the reorganization of local government, one of the cardinal points in any intelligently conceived program is the transfer of functions to the particular unit of government best qualified to administer them. Much has been said in the National Municipal Review of the possibility of abolishing such useless units of government as the middle western township and counties in the cut-over timber areas of Minnesota, Wisconsin, Michigan, and New York State by amputating their functions. Transfer of the responsibility for administering certain local governmental services from small to larger units is inevitable, dictated by the necessities of a machine age, as well as by the insistence of taxpayers upon efficient administration and a wider tax base.

This, however, is not the only transfer of functions that is taking place. There is a broader and even more significant sweep toward the transfer of functions now being rendered by private organizations and agencies to government. Evidences of the flow of this mighty current may be observed almost daily. Local governments enter the business of supplying low-rent apartments to slum dwellers. The federal government begins to produce and distribute power and to build whole communities to accommodate the population that accumulates in the vicinity of the power development. New impetus has been given to governmental ownership and operation of public utilities, on whatever level of government they may lie. The charter of Jamestown, New York, includes a provision to put the city in the business of selling milk.

Whether we like it or not, this is what is happening. Whether we like it or not, this is the new mould into which we are pouring the civilization of the future.

To local government, this latter trend presents a challenge and an opportunity. Our present local governments, speaking in general terms the country over, are incapable of assuming new and enlarged responsibilities without going through fundamental reorganization as to area of administration, structure of government, administrative methods and personnel. These new and enlarged responsibilities are being and will continue to be thrust upon them. They must become efficient or bungle the job. It is as if we were in a contest to determine whether local government will be crushed beneath the weight of these new responsibilities or whether it will be able to reorganize and develop its strength in time to carry them. Upon the citizen who stands by, the result will have far reaching effects. The outcome may determine the fate of democracy.

Toward Careers In Public Service

One of the most significant contributions to better government in America that has yet been made is contained within the slim black covers of a volume entitled, "Better Government Personnel," which is the report of the Commission of Inquiry on Public Service Personnel, appointed by the Social Science Research Council in December 1933 as a result of recommendations made by President Hoover's Research Committee on Social Trends. The members of this commission are (or *were*, since the commission automatically went out of existence with the publication of its report):

L. D. Coffman, *Chairman*, President, University of Minnesota
Louis Brownlow, Director, Public Administration Clearing House, Chicago
Ralph Budd, President, Chicago, Burlington & Quincy Railroad
Arthur L. Day, Vice-President, Corning Glass Works
Charles E. Merriam, University of Chicago
Luther Gulick, *Director of Research and Secretary to the Commission*, Director, Institute of Public Administration

The reason this report makes a significant contribution is because it cuts directly to the heart of the problem. Government in the past has not offered the most capable men and women produced by our civilization an opportunity for a lifetime career. Private business, industry, and the professions have, speaking generally, skimmed off the cream of our population. The prestige value of public service as against private service has been low. What to do?

Two groups of recommendations are brought forward by the commission: general recommendations covering a long-range program and specific recommendations for immediate action. These recommendations, which are published in full on page 114 of this issue, are all pointed toward the extension of the merit system as against the spoils system in government and the creation of incentives for the best young men and women to concentrate upon public administration as a career. It is essential, not only to make certain that candidates for positions in the public service are given consideration in proportion to their fitness for the work they will have to do but also to ensure them security if they are qualified and conscientious and provide them with a spur to endeavor in the way of opportunities for promotion and other means of distinguishing themselves.

Patience may be a virtue but few young men and women of promise are overburdened with their share of this quality. Patience in youth is too apt to be the companion of a routine mind. One of the most vital and difficult problems is to adjust the steps of the ladder of governmental service to the slow plodder and the strong and active alike. This critical problem the commission has recognized and perhaps wisely attempted no hard and fast solution but appreciated it as a problem in human relationships between superior officers and subordinates.

If this report does no more than to

focus the attention of the nation's leaders upon the necessity of building careers into the structure of public administration, it will have accomplished much. If the least recommendation of the commission is carried out, it will have accomplished more. And if the program is adopted as a framework within which to weave the pattern of personnel in government during the next ten years, the hopes of those interested in improvement of government through the professionalization of the public service will have been exceeded.

Who's Who in This Issue of the Review

Dr. L. D. Coffman, president of the University of Minnesota since 1920, has served extensively on educational commissions here and abroad, has directed numerous factual studies of educational organization, and is a member of the Commission of Inquiry on Public Service Personnel.

Hon. George W. Norris, United States Senator from Nebraska, farmer, teacher, lawyer, began his political career as a prosecuting attorney, was elected to the House of Representatives in 1903, and to the Senate in 1913. His was the dominant spirit in the recent successful campaign to install in Nebraska the one-house legislature recommended in 1921 in the League's Model State Constitution.

Edward A. Filene, president of the Boston merchant house which bears his name, pioneered in applying scientific administrative methods to retail distribution, carried his social outlook into the governmental problems of his city, and is today active in numerous local and national organizations for improving the general welfare.

Dr. Henry C. Morrison, professor of education at the University of Chicago, became intimately concerned with the problems of school finance as a high school principal, served on the Educational Finance Commission of 1921, and has written extensively on education's fiscal difficulties.

Dr. John K. Norton, professor at Teachers College, Columbia University, directed research for the National Education Association and at California State Teachers College, and is chairman of the Joint Commission on the Emergency in Education.

Roscoe C. Martin, professor of government at the University of Texas, active leader in reorganizing the state's administrative and financial machinery, director of the university's Bureau of Municipal Research, is the author of numerous current studies on Texas organization and taxation.

Walter L. Pierpoint, president of the Association of Omaha Taxpayers, civic worker and head of one of the most effective taxpayers' groups in the country, took a prominent lead in the recent campaign to secure a manager charter for his home county.

John S. Linen, second vice-president of the Chase National Bank, active leader of the Investment Bankers Association, is an authority on municipal finances in his home state, New Jersey, and a pioneer in leading financial groups to appraise problems facing municipal governments and aid in their solution. He is president of the Bond Club of New York.

HEADLINES

Up to November 1, false alarms had cost Youngstown's fire department $15,000 this fiscal year. Some of our political false alarms are daily costing the nation a good deal more than that.

* * *

Milwaukee takes prompt advantage of the public economies offered by its new city-county consolidation plan, by voting to have its aldermen represent it on the county board.

* * *

Since receiving the figures quoted in December "Headlines" for Washington's proposed $8,000,000, sewage disposal plant at Blue Plains, Va., a new district engineer commissioner has changed the plans in favor of a partial disposal plant for $4,000,000, wishing to use the other $4,000,000 of the CWA grant for other district purposes. Discussing this and other financial setbacks in the nation's Capital, John J. Rothermel writes: "Residents of the city are concerned that the Congress does not get credit for being more liberal with the District than it actually is; the trouble is almost entirely in the House, and due there to only one or two members."

Yet it seems already, to an apprehensive outsider, as if this Congress were going to need all the credit of all kinds it can possibly acquire.

* * *

In the face of the West Virginia, Ohio, and other highly publicized fiascos, Illinois toys with the tax-limitation idea. State politicians should read the newspapers.

* * *

Municipal Finance will publish in February a complete resumé of the public default situation in this country. According to the *Bond Buyer*, matters are already on the mend. November 1, 1934, eight states had no city or town defaults, thirty-one had from one to seven, and only three had over one hundred.

* * *

The Detroit *News* sifts the popular charge that "Michigan is full of expensive boards and commissions," which wastefully are draining the treasury. It finds (1) the total so expended is slightly less than $300,000; (2) the three most indispensible of them use more than one third of this total; (3) fourteen are regulatory in nature and more than support themselves by fees; (4) the remaining fifteen "cost little or nothing."

So that settles that.

* * *

Police departments of approximately one hundred cities now are using the Uniform Crime Record prepared by the International Association of Chiefs of Police for the United States Department of Justice. Police radios are now in nation-wide use—with improvements and adaptations that would stagger the commercial radio services. The important point herein is the way at least one branch of the public service is contriving to be part of the Twentieth Century, despite being the focal point of medieval political pressure everywhere.

E. M. B.

The One-House Legislature

The leader in Nebraska's adoption of a single legislative chamber tells of its advantages

GEORGE W. NORRIS *United States Senator from Nebraska*

THE question arises at once: Why should we have two branches in a legislature?

We elect the members of both branches from the same classes of people; their qualifications are exactly the same; their official duties and jurisdiction are exactly the same. Why do we not apply the same principle in other lines of government or of business? Why do we not have two boards of directors for our banks? Why not have two sets of county commissioners to govern our counties? Why do we not have two boards of aldermen in our municipalities? In other words, why do we adhere to the two-branch legislature, and yet reject the principle in every other line of government and of business?

When we study the history of civilization, we find that originally there was no such thing as a legislature. The king was supreme. When his reign became obnoxious and the people had improved themselves in education and had advanced in civilization, they gradually began to demand that representatives of the people should have something to say about government, and after many years of agitation the legislature emerged.

While our forefathers fought to overthrow the rule of Great Britain, yet, in the establishment of a new government, they followed the mother country. The legislatures of our colonies and of our states, as well as our federal government, were to a great extent copied after Great Britain. In those days England had a two-branch legislature, the House of Commons, elected by the people and representing the people, and the House of Lords, appointed for life by the King and representing the sovereign. The members of these two houses came from different classes; they represented different interests; their tenure of office was entirely different. Neither house could pass any law without the approval of the other; they constituted a check upon each other. Under conditions then existing in England, where the different branches of the legislature represented different classes and were selected in different ways, there was some reason for two houses, but in this country we have but one class and both branches of our legislature represent the same class. There is no excuse whatever for a double-branch legislature.

Opponents of the one-house legislature in our states always claim that two houses are necessary so that one may check upon the other, but when both branches have the same qualifications, are selected by the same people, and have the same jurisdiction, there is no reason or excuse for this checking process. At the close of every legislative session, in every state in the Union, after these checks and balances are posted, it will be found that the politicians have the checks, and the special interests have the balance.

We think we have two branches to our legislatures, but, as a matter of fact, we have three. There is no such thing as a two-branch legislature, without the third branch coming into the picture. This third branch is the conference committee, and it is the most powerful of the three. A bill must pass through both branches, usually called the senate and the house of representatives, in exactly the same form, word for word, before it can become a law. In cases where the senate and the house disagree upon the wording of any bill, the bill is sent to the third house—the conference committee. This conference committee, composed as a rule of three members from the house and three members from the senate, usually meets in secret. No record is kept of its proceedings. There is no roll call vote. Practically all important bills get into the conference committee, and unless the conference committee reaches an agreement, the bill is dead.

THE CONFERENCE COMMITTEE

There is another thing about this conference committee which people do not understand. It is not an ordinary committee: It does not take up a bill and vote upon disagreements as the ordinary committee would do, and let the majority decide. Instead, the three members from the house control the house vote, and the three members from the senate control the senate vote, and the senate vote and the house vote in this conference committee must be exactly the same. If two of the three members of the conference committee from the senate do not agree, then, by the controlling of the senate vote, they have prevented an agreement of the conference committee. The same rule applies to the members of the conference committee from the house.

Thus, we see that in vital legislation, in which the people are deeply interested, laws are defeated in secret, without a record vote, and without a roll call vote, by two members of this powerful third house. It often occurs that these two members lay down certain conditions. In order to get any report, these conditions must be agreed to by the other members of the committee, and unless these conditions are agreed to, the bill is dead. In this way, all kinds of jokers get into our laws, and the people are not able to place the responsibility upon the shoulders of those who are responsible for these jokers.

If an agreement is reached in this third house, the bill is reported to the senate and the house. Then the members of the senate and the members of the house must accept the conference bill without a single change or amendment, or it is defeated and must go back to the conference committee, where it will either be killed for good, or other undesirable conditions attached, in order to get any law whatever.

These conditions exist in every legislature in the world composed of two branches. Members of the senate and the house, therefore, when they are compelled to vote upon the adoption of a conference report, must take it as it is or let it alone. They must vote it up or vote it down. They must accept the bad, in order to get the good, or they must reject the good, in order to reject the evil. In a one-house legislature, none of these things can happen, for the very good reason that there is no such thing as a conference committee. There is no such thing as shifting the responsibility from one house to the other or to this third house, known as the conference committee.

One of the necessary things in an efficient state legislature is that it should be impossible under any circumstances or conditions to shift responsibility. The one-house legislature makes it impossible to do this. The two-house legislature offers all sorts of avenues by which the votes of its members can be covered up and by which the parliamentary situation can be so managed that it is practically impossible for an ordinary person to follow a bill in its passage through the maze of parliamentary situations through which such a bill must travel, as it goes through the house, through the senate, through the conference committee, and back again to the house and the senate.

ADVANTAGES OF A SINGLE HOUSE

A one-house legislature simplifies this. It is not necessary for the ordinary person to become an expert parliamentarian in order to know just what the record of his member and every other member of the legislature is. The constitutional amendment providing for a one-house legislature should provide that any one member could demand a roll call vote upon any motion that might be pending. This would make it impossible for responsibility to be shifted. The record of every member would be in the pitiless light of publicity, where even the headlines of the newspapers would plainly convey to the reader the record of the state's public officials.

If it is made impossible for any member of the legislature to shift responsibility or to cover up his vote in any way, and if he is compelled on all occasions to cast his vote upon every proposed amendment and upon every bill without any possibility of concealing it, you have at one step brought about a reform in legislation which will make it impossible for the unworthy legislator to cover up his tracks, and will likewise make it possible for the loyal public servant to have his record known by all his constituents. It is just as important, if we are to have good government, to reward the public servants who are true, as it is to punish those who are untrue.

Another evil which a one-house legislature will bring to an end is the abolishment to a very great extent of the corrupt lobby which always swarms about the session of every state legislature. The professional lobbyist is able to ply his trade because, through the many opportunities offered by the two-house legislature and the conference committee, he is able to get the parliamentary situation in such shape that it cannot be understood by the people, and, in this way, responsibility is shifted from one house to the other, and from both houses to the conference committee, and there, particularly, the professional lobbyist gets in his work.

He can control this conference committee, if he is able to control two members of the conference committee from the house. Or, if he is not able to do that, then he can accomplish the same end by the control of two members of the conference committee from the senate. If he succeeds in killing legislation there, or if he is able to get jokers put into the bill, the people are unable to fix responsibility, and cannot act intelligently in future elections, in voting either for or against any member of the legislature who is a candidate for reelection.

The members of every one-house legislature should be elected on a nonpartisan ballot. One of the evils of the state legislature is that we elect its members on a false issue. The issues dividing the great parties are national issues. The issues involved in the election of a state legislature are never na-

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Protecting the Taxpayer

Organization and training of citizens needed to maintain good government if the taxpayer is to reap full benefit of the public services for which he pays

EDWARD A. FILENE *President, Wm. Filene's Sons Company, Boston*

IT IS often remarked that the American public likes to be robbed. That is absurd. Nobody likes to be robbed. Nobody likes to pay taxes without getting something in return. Yet it often looks as if we *did* like it.

Americans are noted throughout the world for their efficiency; but American city governments are notorious for their inefficiency.

Americans are famous for their scientific management. American cities are notorious for their mismanagement.

The average American citizen is honest and industrious. The average American city reeks with corruption and graft.

Then, once in every blue moon, we elect a reform administration which is often thrown out of office at the following election or, to the consternation of its supporters, remains in office accompanied by the rise of another political machine very similar in pattern to the one which has been so indignantly smashed.

I used to be a reformer—until I reformed—and I used to wonder why this was. It seemed that the forces of evil must outnumber the forces of good. Then I got to studying the facts. I met a theater-owner, for instance, an honest and upright man who asked no favors from the corrupt political machine which dominated his city and was making his taxes almost unbearable; and I discovered that he was contributing regularly to the campaign fund by which that machine maintained its strangle hold upon him and upon the city.

"If I *don't* do it," he said, "they'll close my theater, and close it legally, for violation of the building code."

"I supposed," I said, "that your theater was the safest theater in town."

"It is," he told me, "but that makes no difference. That building code, which was enacted by the last reform administration, is so ideal that it could not be enforced without tearing down most of the important buildings in the city. No attempt, then, is made to enforce it. It is just held as a club over our heads. All I have to do is to cough up and keep quiet. If I do that, I could still operate my theater, even if it were a fire-trap."

Business men are generally familiar with this technique of graft. Let them do something which offends the machine, and they are not mobbed or beaten up. They may simply be summoned to show cause why they should not be compelled to remove certain signs projecting over the sidewalk, or make some other very costly alterations, as per section so-and-so of some city ordinance of which they have never heard. If they make the alterations required, however, it does no good; for there are always ordinances which can be found, and cases which can be made out, against any one who happens to be too troublesome or refuses to chip in when the hat is passed.

When the situation becomes unbearable, they may get together to clean up the city's politics. But they do not clean them up. They simply elect a lot of *good* men. Then each business man returns to his business and waits for taxes to come down. But taxes don't come down, and graft continues. Why?

The reform administration undoubtedly wants to please the business interests. It may not take any important steps without first feeling out the sentiment of the chamber of commerce; and prominent in the chamber of commerce are the local utility companies.

The rapid transit company, let us say, wants a higher fare, or, as in some cities, *gets* a higher fare, which only reduces the patronage and creates a deficit, and then asks the *city* to meet this deficit by taxation. What does business, organized in the chamber of commerce, think about such a proposal? And the chamber, often, sees no reason why business should oppose the claim.

The chamber of commerce is perfectly innocent in this—innocent but asleep. When such a deal is put through, however, some politician is certain to wake up. So does every other gang which wants some special privilege.

The public doesn't like to pay higher fares; and if it is going to vote for an administration which makes this necessary, a great many voters must have some special reason for doing so. The gas company has some influence and will support the administration *on certain conditions*. So will the electric interests and real estate interests and other groups. To get enough votes to keep an administration in power, however, will usually require more than this.

What we know as a political boss is just a broker of special privileges. He doesn't have to be popular. He simply has to know what it will take to keep an administration in office, and where he is most likely to get it. So he passes the hat to the special interests who happen to be interested and proceeds to organize his ward machinery.

THE POLITICIAN AT WORK

Special privileges, he knows, can be maintained only by distributing more special privileges. So he promises jobs to key men in every precinct. These men may be gangsters. They may simply be good fellows, or they may be men with political ambitions, willing to start at the bottom and work their way up. Good or bad, however, each has his special racket, and the price he pays for the privilege of pursuing that racket is loyal support of the machine by which the boss gets his and all the various special interests get theirs.

One curious result of all this is that almost nobody, even among the beneficiaries of the greatest privileges, is exactly pleased with what inevitably happens. The respectable rapid transit interests, engaged as they may be in holding up the city, do not like to be held up by thugs and gangsters, who maintain their position as thugs and gangsters largely through the corruption of the police and the courts. If we are to permit one kind of hold-up, however, we must have votes, including the votes secured by permitting the other kind of hold-up. Eventually, of course, the situation becomes unbearable and the public rebels. But it doesn't get good government. It simply begins a new cycle of misgovernment because it still imagines that it is possible to secure good government simply by electing good men.

Good government cannot be secured that way. To secure good government, we must first have some understanding of what good government is. I offer a definition. *That government is good which gives the whole public its money's worth.*

It isn't the number of dollars which we have to pay in taxes which makes taxation such a bad bargain for us taxpayers. *It is what we don't get for those taxes*—what the whole public fails to get. If the public has to pay more than it is necessary to pay, either for government itself or for public services under government regulation, it must have that much less to spend for the things which legitimate business has to sell. In the act, then, of sanctioning any special privilege, we business men injure all business, including our own.

ORGANIZATION FOR GOOD GOVERNMENT

If, on the other hand, we organize to eliminate every special privilege, we will automatically have the public with us. For the public wants its money's worth. Labor wants its money's worth. The consumer wants his money's worth. The taxpayer wants his money's worth. And the only way that all can get their money's worth is through seeing to it that no one gets more than his money's worth. Let business once organize for such a program, and the whole graft-ridden public will organize to see the program through.

Even practical politicians will then provide good government, for they will want votes as much as ever, and that will be the only way to get enough votes.

We do not need new organizations. All we need is to place our present organizations, particularly our business organizations, on a true, fact-finding basis. Every chamber of commerce should be a real laboratory of municipal research; and if such a program should lead to the withdrawal of certain prominent members for a time, the chamber could get along without them much more easily than it can get along without the facts.

Then, of course, it would have to plan for the organization of the government in harmony with the facts. It would have to fight, doubtless, for genuine public service, and furnish votes in support of genuine public service, with the same energy with which the grafters have been fighting and furnishing votes for graft. Right can always prevail over wrong if its army is as well equipped as the army of wrong. The army of right *is sufficiently large* but it needs organization and well trained shock troops who will fight as fearlessly, as determinedly, as cleverly and as *constantly* for good government as the beneficiaries and henchmen of special privilege regularly fight for misgovernment. This will furnish genuine protection to the taxpayer—protecting him not only from unnecessary direct expenses, but from the still worse phases of misrule.

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Two tests of practical efficiency may be applied to the government of a city: What does it provide for the people, and what does it cost the people. James Bryce.

Making Careers in Government Service

A career service system vitally necessary to the proper administration of government under its present complex setup

L. D. COFFMAN

President, University of Minnesota

The American people are manifesting a growing interest in and a deeper concern about the administration of government. They recognize that their government in the course of years has taken on many new functions and added many new responsibilities. As a result it has grown cumbersome and complex and difficult to administer. Originally, government was regarded as an institution designed and maintained for the purpose of exercising police functions, supporting schools, building highways, and promoting the interests of people in many minor ways. More recently, however, it has become an institution for realizing the economic aims of individual citizens. Its influence has ramified into every phase of business; it controls the banks, insurance companies, railroads; it has enacted laws regulating industry, commerce, and agriculture; it has provided gigantic public works and relief programs; it has established new enterprises on a vast scale such as, for example, the Tennessee Valley project.

The budget for the administration of our government now runs into billions. It exceeds the total income of this country a comparatively few years ago.

All the various activities of the government must be administered. Few suspect how many persons there are engaged in public service. The grand total exceeds three and a quarter million men and women, not including those employed in the emergency projects of the federal government. These three and a quarter million persons are administering more than one hundred and seventy-five thousand independent units of government, each of which has the power to raise and spend money.

A great number of these men and women are not chosen because of their particular fitness for the offices they hold. It is a well recognized fact that public service is not attracting its fair share of the nation's ablest man-power, in character and general ability. A comparison with other self-governing peoples throughout the world shows that American democracy is falling behind conspicuously in this respect.

Our failure to select persons especially qualified for public service results from a number of conditions and misconceptions to which the American people still cling. For one thing, they have not been able to free themselves from the notion that "to the victor belong the spoils". Our policy when a new party comes into power is to discharge large numbers of incumbents regardless of their merit. This has led someone to say that so far as government is concerned, we are a nation of amateurs. President Jackson declared, in 1829, that the duties of government are "so plain and simple that men of intelligence can qualify themselves for their performance." While the functions of government may have been plain in his day, they are no longer simple and easy to administer. When government becomes directly concerned with banks, insurance companies, railroads, industry, agriculture, health, education, in fact with nearly everything which in any way touches or affects the life of people generally, then it needs expert service. Unless special knowledge is brought to bear upon the problems relating to the various activities of government, extravagance and inefficiency must increase.

CHARITY AND PATRONAGE

Another of the popular notions prevailing in America is that charity begins on the public payroll. All over the United States men and women are elected or appointed to office or kept on the payroll because they need the job: someone has died, there are twelve children in the family, a leg has been lost, or some other misfortune has befallen them. The employees appointed for these eleemosynary reasons draw the pay while others do the work, or else the work is botched and neglected.

Another assumption is that political parties exist to secure patronage for their constituents. But the truth is, as Theodore Roosevelt once observed, that patronage is the curse of politics. It is the selling-out price of democracy, because of itself it turns the political party into a job brokerage machine, creating a mercenary army of occupation, which, under the guise of democracy, actually robs us of self-government.

These and other catch-phrases describing popular impressions about government personnel account to some extent for our failure to improve it. At the same time a recognition of these popular notions helps to clear the way for a new and constructive approach to the possibility of attracting to public service men and women of capacity and character. These men and women need to be attracted for several reasons. One is to introduce economy and efficiency. And another is to secure a continuing personnel in the administration of the affairs of government.

The Commission of Inquiry on Public Service Personnel, appointed by the Social Science Research Council with the consent and approval of President Roosevelt, has been making a study of this very matter, in so far as it affects the appointive personnel. It has held hearings in New York, Washington, Richmond, Chicago, Minneapolis, Seattle, San Francisco, Los Angeles, and London. Public officials, civil servants, citizens generally, representatives of business enterprises, university professors, students of government, have given testimony before the commission. One thing has become clear—there is a growing interest in this problem. The time appears to be ripe for the adoption of a career service program for each class and for all kinds of appointive public officials. It is apparent to the members of this commission that some positions must be elective and the office holders directly responsible to the will of the people. On the other hand, some positions which are now elective should be made appointive.

It is not always clear, however, just what is meant by career in public service. By career I mean a life work which one would normally take up in his youth with the expectation of advancement and pursue up to retirement. Career service should be possible in administrative, professional, clerical, skilled and unskilled work. This means that many positions—certainly many positions of an administrative and professional character to which persons are now elected, or appointed for political reasons—should be filled by persons selected because of their special fitness, with a distinct understanding that the appointments are of a permanent nature. To accomplish this, definite specifications must be set up for recruitment, probation, promotion and retirement of the workers in each class. A career in public service should be possible in the federal government, and in the state and local governments. The selection of career officials should rest solely on merit; tenure should be assured on the basis of growth; transfer must be possible; and provisions for retirement must be introduced so that government can clean out its dead wood.

REQUIREMENTS OF A CAREER SERVICE SYSTEM

The introduction and establishment of a career service system would not be especially difficult. It requires only four things, viz., (1) the enactment of a career service law which makes possible the proper classification of positions; (2) the creation of a public personnel agency in each major jurisdiction to administer the law; (3) the appointment of a qualified director and staff; and (4) continuous support for the maintenance and development of a career service system.

To some extent, parts of this program have already been adopted. Ten states and about 360 municipalities have civil service for certain classes, but even in these instances the political spoilsman has found numerous ways of circumventing the successful operation of the civil service act. Although the people of this country believe in honest, faithful and efficient government, as a matter of fact they do little to obtain and further it. We are more disposed, it appears, to speak disrespectfully, scornfully, in any event critically, of our government. How soon shall we learn that no problems can be solved by calling names?

A career system in the selection of public servants should be related definitely to their education. Those holding the higher and more important positions should be better trained than those holding minor and less important positions. We must free ourselves from the idea that everyone is qualified for every public service. We provide more education in America than is provided by any other people in the world, and yet we make almost no use of it when we come to select persons for public service. Great Britain long ago recognized the importance of this relationship. She selects for administrative posts only the top honor men of Cambridge and Oxford and the other colleges. She gives them fundamental training in the various administrative offices, and when they have demonstrated their ability for administrative work they are given junior secretaryships that carry with them permanency and something more than a mere living salary. No matter how frequently the cabinet may change in England, under or junior secretaries remain on the job. England has not only made use of this plan for the selection of men for the junior secretaryships but she has made a profession out of the position of town clerk. Men of recognized ability, standing and training are chosen. No matter how frequently the city council may change, the town clerk stays. He is the expert in government, who advises the city council as to the procedure it should take in any public matter. Frequently town clerks are invited to go from one city to another because of their demonstrated efficiency. Their careers are permanent careers.

It is not enough, however, for government to fill positions with men of talent and ability and to offer them permanency; it must devise means of stimulating the growth of its employees and of encouraging their aspirations. To fit them into occupational niches is one of the most deadening things it can do.

If the plan which is here outlined in very general terms is followed, there will be developed in each of the larger government units an agency for personnel administration. This agency will have charge of recruitment, promotion, and retirement of employees on each level. The career service will extend to all non-political top positions including in most jurisdictions many posts not now covered by civil service. The vicious practice of evading the merit system through temporary appointments which are continued indefinitely, will be discontinued. Coöperation will be established between the federal personnel administration and the state and local administrations through such devices as the joint use of eligible lists, the joint preparation and conduct of examinations, and the development of technical studies. This plan, if followed to its reasonable conclusion, calls for the inclusion of all postmasterships in the civil service system, of all revenue agents and marshals in the classified service, and for the extension of the merit system to include as far as may be practicable the personnel of the existing federal emergency administrations, boards, and agencies. It would also call for the inclusion of the personnel of state and local government agencies receiving or expending federal funds, as a condition of the grant; for the classification and salary standardization of the federal services outside the District of Columbia; and for the establishment or designation in every governmental department or agency of adequate size, whether federal, state, or local, of a personnel officer, who should in the larger departments be freed of all other responsibilities.

The influence of filling positions on the administrative, professional, clerical, skilled and unskilled labor level by career people will be felt in many ways, not only in better administration of government, but in toning up the service generally because of the hope of advancement through good work rather than through favoritism. A career plan will permit young men and young women to prepare themselves, realizing that they can enter the public service and receive advancement in a fair competitive system. The public servant will have the esteem of the public and the tremendous satisfaction of knowing that in serving the public, good and able service will be rewarded. Patronage will largely disappear and campaigns will tend more to be conducted on issues rather than by the vilification of personalities in the opposing party. A career plan will enable the government to select those who by education and experience are best fitted for public service and it will stimulate the continued growth of public servants. At present no university would advise its graduates to enter the public service in the hope that they would find a career in it; under a career plan, however, all this would be changed and the government would be in a position to obtain the men and women of the finest quality and promise.

A summary of the recommendations of the Commission of Inquiry on Public Service Personnel is published on page 114 of this issue of the REVIEW.

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What are the Limits of Public Education?

Public school education should be kept within limits of what can be paid for by the taxpayer, says Chicago educator

HENRY C. MORRISON *University of Chicago*

To the question raised by the title, if taken literally, there can be but one answer: there are no limits. It is impossible to have too much intelligence and character and sanity in the world. What are the limits of tax-supported public instruction is quite another matter.

The question being thus restated, there are two answers, one based on practical possibilities and the other based on principle—what ought we to do if we had the money?

In these days the first of the two ways of looking at the matter is the compelling one. The limits of tax-supported public instruction are what can be paid for, other public obligations being duly considered, without drying up the sources out of which all revenue arises. There is in effect but one source of revenue, namely the earnings of all the people. The support of the federal government, of the public school system, of all the enterprises of state, county, and local governments comes in the main out of the same bank. People have to choose. They cannot have a public school system supported on the scale to which they have been accustomed and the other things similarly supported at the same time.

That the cost of schools has very greatly increased in the last generation out of all proportion to increase in population and in fiscal resources requires no exposition. People are not so familiar with the essential analysis of the causes of increase.

The causes are fundamentally in economic changes which have withdrawn several million minors from industry and thrown them into the schools.

Now if the managements of school systems had been prudent, they would have recognized this inescapable upward *extension* into the more costly high school and college levels and conserved their resources to take care of it. But few of them were prudent. Instead of that, they allowed themselves to be guided into ill-considered *expansion* of the curriculum, increasing salaries, erection of elaborate school buildings.

Our tax-supported system rests on no abstract theories of education. It rests rather on the principle that whatever we put into the schools is there, not primarily for individual benefit, and still less to suit the whims of pupils and parents and the special interests of teachers, but because there is a reasonable presumption that it will tend toward the production of enlightened and honorable citizens and members of society. A great deal has crept into our schools which cannot be held to have any such purpose, unless on exceedingly tenuous grounds.

Extravagant school buildings. A schoolhouse is a domicile and not a manufacturing plant. Local pride justifies elaborate buildings on the ground that "our children have a right to the best." The children have a right to decent, safe, and sanitary housing, so long as they are compelled to go to school or even so long as they are admitted to school, but nothing more.

The center of a new school building is quite likely to be an elaborate gymnasium, justified on grounds of physical education. Now the building up of a sound physique is eminently part of the process of bringing up useful citizens, but that worthy end is often made the excuse for what is in reality an arena for public entertainment.

Preparation for college. Special facilities are frequently supported for the purpose of preparing some pupils for some colleges. That practice goes back to the day when a strong and rather crude middle class found ways to compel taxpayers to pay for getting first its boys and then its girls into college. Prior to that people whose children needed special preparation for college expected to pay for it out of their own pockets. A college career, if taken rightly, is a worthy ambition; but it is mainly individual in import and not social.

Accomplishments. Tradition has kept in our schools a list of subjects which have come down to us from the days when the gentry were looked upon as the only educated class and even from an earlier time when only free men were allowed to study certain "liberal arts". That society became obsolete long ago but its ways survive. The English gentry were expected to study Latin; therefore, one way to become a gentleman is to do likewise. French was the language of the *beau monde;* therefore, the way to sophistication is through the conning of French books. The pattern becomes translated into the ways of a new society. Within a few months I have seen a teacher defending in the public press the long list of "fads and frills" from millinery to journalism and beauty-shop teaching on the ground that all children should have a "liberal education".

Now, cultivated tastes in literature, music, and the fine arts are distinctly contributions to citizenship and social well-being, but that does not imply that the public schools should attempt to make writers or musicians or artists. On the other hand, the list of "polite accomplishments," whether viewed from the gentry standpoint or from that of the "new era," are not part of the fabric of education at all. Many are delightful but we ought to pay for our delights.

OVERBURDENING THE SCHOOL BUDGET

Let us turn now to sundry activities which are right enough in their way but which do not belong on the budget of the schools because support of them belongs elsewhere.

Relief of the necessitous child. The humanitarian movement which came into its own in the closing decades of the nineteenth century has little by little extended itself into the schools until many local systems provide free or partly free food, special facilities for the care of diseased and crippled children, special clinical facilities. Now, rather than give this up, most of us would prefer to abbreviate the school career for well-to-do and healthy children—if we could. We need do neither.

The moment that schools begin to furnish free service to the necessitous child outside the field of instruction proper it is surprising how many of us become necessitous. The dental clinic begins to reach people who could and should pay for their own dentistry. The penny lunch for illy-nourished children of the poor produces a progeny of elaborate cafeteria services for all children, whose parents or grandparents thought it no hardship to go home to lunch or bring luncheon baskets. But is all this self-supporting? In fact it seldom is anywhere near self supporting.

The heart of the matter is that there are certain services budgeted to the schools which belong to charities and corrections or else to the individual.

Medical inspection. In the past generation there has grown up an elaborate medical inspection service in many if not most cities. Now specialized medical services for the school related to the requirements of instruction itself are amply within the purview of tax-supported public instruction—if we can pay for them. But the great bulk of medical inspection is public health work and it ought to be budgeted to the health department where it belongs.

Vocational training. About thirty years ago there grew up a great movement for trade training. Nevertheless, the whole high-school development of the nineteenth century and the college-preparatory phase, which began to become established in the '90's, were mainly vocational in their import. The whole movement had to rest on the doctrine that society through the State should provide everybody with a vocation with no cost to the individual.

Now there is evidently no better reason for providing every youth with a trade or a profession wholly or in part at public expense than there is for similarly providing the ambitious young business man with free capital.

So far as professional and pre-professional training leads to sale of services on the open market, then the individual is under obligation to finance his own training.

So far as trade training leads into commerce and industry, then the training is part of the cost of production and distribution and the cost should be recovered by commerce and industry in the price charged for services and commodities and not carried by taxation.

The foregoing are merely illustrations of activities which have found their way into the schools and which are evidently outside the proper limits of tax-supported public instruction. They are typical, and merely typical, of a long-continued policy of expansion, in a period during which every energy should have been conserved to take care of inescapable extension of the enrollment.

The average thoughtful citizen, perhaps many professional students of public finance, confronted by the necessity of thinking in the terms suggested by the title to this article, naturally queries whether or not the high schools should not be discontinued or else in principle placed on a tuition basis. That line I think leads us into a blind alley. Under modern industrial conditions we must make up our minds that we must probably school all children between the ages of six and twenty-one. Commerce and industry will not absorb them. The major economics of the situation calls not for restriction, but for revision, consolidation, and improved efficiency.

THE ONE-HOUSE LEGISLATURE

(Continued from Page 89)

tional issues. When a man is elected to the state legislature because he bears the label of a party founded on a national issue, he thus rides into office when his constituents know little or nothing about where he stands on matters that will come before the state legislature. Members of the state legislature should be elected on state issues, and national issues should have nothing whatever to do with the question. Therefore, they should not be elected upon any party ticket or because they give adherence to some particular political party founded upon questions of national import.

Editor's Note: Radio address delivered February 5, 1935, in the You and Your Government series.

Future Development of Public Education

Columbia educator claims it is a practical matter to finance a much more extensive educational program than has yet been seen

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THE development of public education, like many other areas of public and private expenditure, has been halted by the depression. The cost of public elementary and secondary schools in 1933-34 was approximately 78 per cent of the amount spent in 1930, the peak year. Outlays for school plants were 29 per cent of those for 1930. Expenditures per child enrolled were 25 per cent lower in 1934 than in 1930. Similar reductions are revealed by the financial statistics of colleges and universities. In 1933-34 receipts of higher educational institutions were 30 per cent below those of 1930.

Are the foregoing figures indicative of a permanent or temporary trend? Must the future development of our public schools and colleges depend solely upon the more efficient use of budgets smaller than those of 1930? Or will future educational development be marked by increases in total expenditures as well as by efforts towards greater efficiency in administration?

In spite of the dangers of prophecy in this uncertain period, this article definitely predicts that the latter of the foregoing alternatives will characterize future educational history. This prediction is based upon two considerations. First, it is financially practical, in an economy such as has been developed in the United States, to expend considerably larger sums for education. Second, the social scene reveals a series of factors and forces which will inevitably require us to increase educational budgets, in order that this crucial public service may play its proper rôle.

We can afford to expend larger sums for educational purposes if the general well-being demands it, because we already have within our possession the economic instruments necessary to produce the goods and services which will permit this larger expenditure, and without unduly limiting other public and private expenditures. This statement is justified by the findings of several significant economic studies carried on in the past two years. Let us cite the conclusions of one of these, chosen because of the care with which it was conducted and the extremely conservative assumptions lying back of its conclusions. The Institute of Economics of the Brookings Institution recently issued the results of a study concerning "America's Capacity to Produce". Taking into account the capital goods and labor force already in existence, and talking only in terms of the practical realities of the existing pattern of commercial operation, this agency discovered that, instead of living beyond our means in the peak year of 1929, "our economic society lacked almost 20 per cent of living up to its means". We wasted fifteen billion dollars worth of potential productive ability in 1929. This sum was more than five times the total bill for public education—kindergarten, elementary, high school, college, and university.

In the face of these facts, it is defeatism of the most discouraging type to maintain that the adequate support of an agency so vitally important to social well-being as public education, represents a threat to economic and social stability. More effective education represents one means whereby society may develop the intelligence to operate an economic system which has the capacity to produce a substantially larger national income than we have as yet enjoyed. Adequate expenditure for this purpose is an investment which promises lucrative dividends. Better schools can and will be paid for, because it is economically practical and socially wise to do so. This brings us to our second point.

REASONS FOR EDUCATION

The industrial revolution has already reached the stage of development in the United States where a series of new factors have been brought into human life, which are of the most profound significance for education. Due to modern technology and the machine, there is a steadily decreasing demand for the services of youth which, only a few generations ago, constituted an important portion of the labor supply. It also appears that the trend toward a shorter working day and week, as it affects the adult population, is a permanent one. At the same time modern life provides infinite opportunities for choices both good and bad on the part of the average man. Our civilization finds itself confronted with the problem of teaching the masses to live good lives as well as to earn good livings.

Out of social factors and forces such as those which have just been illustrated, there will develop a system of public education in the United States during the remainder of this century which will transcend, both in social effectiveness and financial expenditure, anything yet attempted. The particular characteristics cannot be predicted, but some of its features can be suggested.

The public school system established in this country was created for the avowed purpose of preparing for intelligent participation in government and for improving the economic and social status of the rank and file. The emphasis which Washington, Jefferson, and other founders of the nation placed upon the importance of education for effective political citizenship is too well known to require elaboration. It is sometimes overlooked, however, that the public school system of this country did not come into existence in anything like comprehensive form until after the Jacksonian revolution. Whereas the responsibility of the school in qualifying the masses for the duties of political citizenship was a major consideration in its creation, it is equally true that the masses looked upon the public school as a means whereby they might realize, if not for themselves, at least for their children, that opportunity which was synonymous with the word "America". No less an historian than James Truslow Adams states the situation bluntly in his "Epic of America" when he says: "The educational system, devised by the people, for the people, did not aim at all at training either mind or character, but only at instilling facts useful for making a living".

Whether one considers this an overstatement or not, it clearly suggests that the American public schools were not established solely to train for political citizenship.

In the century since the Jacksonian revolution, the rôle of education has been re-interpreted. It is coming to be looked upon as a social institution which strives to give each individual the maximum education in equipping him for effective living, both as a social being and as an individual. The further realization of this broader vision of the rôle of the school will require a series of educational developments.

VOCATIONAL TRAINING NEEDED

First, we will recognize that vocational training is a proper function of public education, and we will do a far more effective job in this sphere than has been accomplished to date. The development of a vocational training program should involve a much closer and functional tie-up between industry and the school. It will encompass preprofessional and professional, as well as trade and industrial, training. It will reject the unsound theory that certain vocations, such as medicine, for example, are of individual rather than social importance, and that the cost of training for these should fall upon the individual rather than upon the state. It will be based on the consideration that, while under existing circumstances an individual may selfishly benefit from the training which he receives as a physician, for example, it is also true that it is of primary importance to society as a whole that there be an adequate supply of competent physicians. The lack of a sufficient number of adequately trained persons in certain important occupational and professional fields, and the lack of social purpose which is sometimes revealed by those of advanced technical training, is a logical outcome of an obsolete educational philosophy, which requires the individual to finance his own higher and professional education, and which implies that when he has paid for it he has a right to employ it for his personal, even selfish, advantage.

We shall recognize that it is a matter of primary public concern that an adequate supply of trained workers of all types—agricultural, trade, industrial, and professional—be made available. We shall pay for the training of these workers out of the public purse. We shall expect them, and if necessary require them, to use the training the state has given them in the interest of the general welfare. The fact that some individuals may gain certain social and financial rewards from their occupational activities will be looked upon as incidental to and consistent with the social contribution which they make.

In addition to recognizing the initial training of workers of all types as a proper public function, we shall also make provision for the retraining of those forced from one industry because of technological and other changes characteristic of our dynamic civilization.

The function of the school in providing a liberal education will continue to be a matter of major concern, although the sharp cleavage which is sometimes made between vocational and liberal education will tend to disappear. The development of this phase of education will involve an elimination of much traditional and now obsolete material, which still holds its place due to mental inertia, vested interest, and the doctrine of mental discipline. This will be replaced with material which directly and realistically proceeds to its objective. For example, instead of training children for the wise use of leisure by cramming the *Iliad* down their resisting throats and by exhorting them to have discrimination in their literary tastes, we will provide, through libraries and drama of both the legitimate and screen variety, actual practice in reading, seeing, and enjoying literary and dramatic productions, innately interesting and socially defensible. In short, society will provide genuine entertainment as an accepted phase of a realistic program of public education.

The educational program will also involve fearless and fair study of crucial social problems of our complex and interdependent civilization. We shall look back to the time when respectable educators contended that it is impossible for the public schools and colleges of the nation to deal realistically with controversial economic, political, and social questions as a vestigial hangover from the intolerance of the dark ages. Nothing which is socially vital will be denied genuine educational treatment by the schools of the future.

EDUCATION FOR ALL

Universal education, suited to the needs of groups and individuals, will be provided for youth of all ages and all types from early childhood until such time as proper employment is advisable and obtainable. We will no longer assume that the education of the masses implies the dilution of advanced liberal and professional education. We will no longer accept the doctrine that a modern democracy can be built purely upon the extensive training of the so-called best minds. These ideas stem back to the ideology of a scarcity economy. They assume that society must choose between training the masses or the classes. We have reached the stage of economic development where such a choice is no longer necessary. Such a policy would inevitably lead to Fascism or some similar throwback from democracy to dictatorship.

We shall not be satisfied merely to provide an expanded program of intellectual offerings. Society in the future will not only provide adequate education for youth at public expense, but also such physical care and livelihood as may be necessary. This will be continued until the boy or girl has been equipped for effective occupational life and is able to obtain employment. We have already recognized that it is poor public policy to permit children to reach maturity in poor physical health for a lack of proper medical and dental services. Special facilities for the physically and mentally handicapped will be further developed. Comparable services will be provided with the needs of normal children in mind.

H. G. Wells in his recent "Autobiography" recounts the series of fortunate accidents which permitted him to escape from a life of frustration which his financial and social position promised him. It is probable that in the United States during this decade, thousands of young men and women are being doomed to live out frustrated lives, because the financial status of their families makes it impossible to obtain the liberal and professional education prerequisite to success in advanced callings. It is only a matter of time until we will recognize the social waste resulting from such a situation. The policy of granting scholarships, already partly developed on the higher education level, will be extended. These scholarships will be paid for at public expense. The time will come when every child will really have an equal opportunity to obtain the amount and kind of education which his capacity and needs require, irrespective of the social and economic standing of his parents.

There will also be an extensive program of adult education. We shall not hesitate to provide public educational facilities of the most diverse character for all types of groups, whether occupational or cultural, when it appears that the common welfare of the nation is enhanced thereby. Just what form this movement will take cannot be predicted with any certainty. Work now in progress in the CCC camps, in the FERA adult classes, and in experimental programs of adult education, such as that now going on in Des Moines, probably represents the beginnings of a comprehensive program of post-school and college education.

FUNDAMENTAL CHANGES NEEDED

The types of educational development sketched above imply a series of fundamental changes in educational administration as it affects the recruiting and training of teachers, the construction of curricula, and the development of buildings and other school plant facilities. It is not possible to deal with each of these, but a few words concerning the school plant of the future may be suggestive.

We have only begun the intelligent, long-term planning of school buildings, playgrounds, and similar educational and recreational facilities. The time will come when current criticisms of the amount expended for school buildings will be looked upon as ridiculous. Eventually we will frankly proceed to develop community educational and recreational facilities according to a planned and orderly procedure which will make many present school plants look small and inadequate indeed. Instead of debating whether a gymnasium and auditorium will be included in a school building, the question will be how many gymnasiums and auditoriums are required to provide adequate facilities for athletic, recreational, and cultural activities of the community.

Athletic fields and stadiums will be provided. Many communities will develop extensive recreational plants in the country at some distance from centers of population, as well as those near at hand. Buildings which are substantial, sanitary, and beautiful will be built as a matter of course. The erection of comprehensive educational plants of the type described will be coördinated with an intelligent program of public works, developed in a manner to reduce the amplitude of the swing of economic cycles.

In forecasting the educational development sketched in the foregoing paragraphs, there is no disposition to minimize the numerous practical difficulties which must be overcome before it can be realized. An educational program, commensurate with future social needs, implies that we will be able to release ourselves from the intellectual thraldom carried over from the economy of scarcity from which we are already emerging. It implies that we will be able to summon the courage and to develop the intelligence, through educational means, essential to the effective operation of existing instruments of production and the more effective ones which science and invention are continually providing. It assumes that we will be able to modernize our systems of taxation and methods of fiscal administration, so that they will be fitted to twentieth rather than eighteenth century conditions. It will require that the personnel of all public service be professionalized, at least up to the level of social vision and administrative competence represented in our best managed public school systems. We must also consolidate and simplify the governmental organization and administrative practice through which public enterprises are carried on. The hiatus existing between education and other areas of government will be eliminated either by structural changes in political organization, or perhaps more likely by coördinating devices which will permit coördinated procedure in developing schools, libraries, health services, playgrounds, cultural and recreational facilities, and similar community services. It does not imply any condonation of existing weaknesses either in the purposes of or administrative practices in present-day school systems. It involves no justification of poor planning or inefficient procedure in erecting school

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Douglas County Nebraska Adopts the Manager Plan

Another battle won in the war on "the dark continent" of American politics

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THE county of Douglas, Nebraska, is small in area compared to the average western county. It runs north and south along the Missouri River for fifteen miles—east and west twenty-five miles. The farming area is intensely cultivated and unexcelled in richness of soil. The population is a quarter million, 90 per cent of which is contained in the city of Omaha. The assessed valuation of real and personal property is 256 million. Omaha is semi-industrial—more so than the average western city. It is a large meat-packing center with over seven thousand employees in this industry. A considerable part of the population was born abroad. Omaha is the metropolis of Nebraska and, of course, Douglas County exceeds in population any other county in the state. I go into this detail because Douglas County is probably the largest metropolitan county east of the Rocky Mountains to adopt the county manager form of government—effective January 1, 1937.

This was done by a vote of the people at the general election, November 6 last, at which a total vote on this question of 74,000 was cast, with a majority of 12,588 and a margin of 3,018 over the required 51 per cent of the total vote cast for governor at the same election.

The 1933 session of the Nebraska legislature passed an enabling act for the county manager form based upon the model act of the National Municipal League and practically the same with two exceptions: the model law was amended to require a petition signed by 10 per cent of the votes cast for governor at the last general election to put the issue on the ballot instead of 5 per cent; and 51 per cent of the votes cast for governor at the same election for approval instead of 35 per cent, the minimum percentage for passage under our constitution. These amendments were inserted at the instance of the county officers' lobby—it being freely predicted the required 51 per cent could never be secured provided valid signatures of 10 per cent on petitions were obtained. Actually, 13,500 signatures were secured against a necessary 9,500. It is highly creditable to the intelligence of the mass of voters that this issue was carried.

The campaign lasted three weeks. It was based solely on facts and figures and free altogether from personalities —not even the name of a single county officer was mentioned. Thirty-eight radio talks given by leading citizens selected from the several groups and nationalities were written at headquarters. The opposition made a bitter fight but never questioned a figure or statement made by the proponents. A leading supply house said, not in open of course, that their profits would suffer if supplies were bought on a competitive basis.

County officials and their relatives opposed on selfish grounds. Other opposition was based in the main on two statements: "Too much power for one man" and "We don't want a dictator in Douglas County." The campaigners for the manager plan distributed 35,000 pieces of literature but did not man the polls on election day, having previously stated they would not do so. The initial gun in the campaign was fired by the editor of the NATIONAL MUNICIPAL REVIEW, Howard P. Jones, in a public address in our city which was foundational.

It should be stated that the constitution of Nebraska facilitates changes in county government. The constitution makes this brief, basic statement: "The legislature shall provide by law for the election of such county and township officers as may be necessary." Therefore, our county officers and their functions are the creation of the state legislature. Change does not require amendment of the state constitution.

VOTERS NOT SATISFIED

The people of Douglas voted for a change because they were dissatisfied with present conditions. Our county three years ago had a surplus in its levy and non-levy funds of $1,250,000. On August 10, 1933, the deficit approached $200,000 and is now nearly $350,000. Under our law the county makes its levy in August after which it may issue warrants in payment of obligations up to and not exceeding 85 per cent of the anticipated tax revenue from levy. By January 1934 this potentiality was exhausted. After that date invoices had to be written "on the cuff," as one commissioner put it, until the levy was made the following August. Salaries were suspended for a time and later paid out of fees. When August 1934 arrived and the levy was made, warrants for 48 per cent of the entire potential amount for the year were issued in forty-eight hours. Within a few weeks, no further warrants can be issued until August 1935. Bear in mind that these warrants draw 6 per cent interest until paid and that warrants issued now cannot be paid until March 1935 when real estate taxes are delinquent. Interest on county warrants last year was $60,000. This condition cannot be charged to expenditures for poor relief—due to increases in levy, special poor relief levy, diversion of inheritance taxes to poor relief, savings due to acts of legislature, etc. It is accounted for in the main by waste due to poor management, an excess of employees as well as inefficiency due to the spoils system, poor collection of personal taxes, etc.—faults inherent in our system of county government.

It is but fair to say that in the matter of debt service the financial condition of Douglas County is sound. Our bonded debt is approximately four million with a valuation of 256 million. Our law provides that interest on bonds and money required to retire bonds coming due shall be raised by a separate general property levy and that no money so raised can be diverted to other purposes. Our interest and bond retirement obligations have been promptly met.

The county manager form of government adopted in Douglas County amounts to this: the election of five commissioners in November 1936 who will take office January 1, 1937, when the measure goes into effect. These commissioners will be the policy-determining body. They will select a manager who will in turn name the heads of three departments—public works, public welfare, and finance—and the other employees. The manager will be directly responsible to the board and the board will be responsible to the people. Thus, there will be a simple, direct, and constant control by the people over the affairs of county government. The manager can be discharged by the board after a public hearing. Any interference on the part of a member of the commission in the appointment of employees makes that commissioner guilty of a misdemeanor and subject to a fine and removal from office. These commissioners will draw $5.00 a day each when they sit plus traveling expenses or about $250.00 per year. The present salary is $2,500 each per year.

MANAGER PLAN ADVANTAGES

What may we expect from the operation of the county manager form of government in Douglas County?

1. A definite placement of responsibility. At present we have five commissioners and nine major elective officers drawing total annual salaries of $46,100. They are each elected by the people and each is a political equal of the other. They are responsible to the people which means to the public in general and to no one in particular. There is a continual "passing of the buck" from one officer to another in many cases.

2. A uniform and accurate system of accounting throughout our county offices which will form a basis for budgets—these budgets to be determined by absolute needs with funds available rather than just an addition of expenditures of the previous year.

3. Publication from time to time of financial statements of the county in simple, clear, understandable English. This will mean a check on the several departments and assurance that they will operate within their budgets.

4. A central purchasing agent who will buy all supplies on a basis of competitive bidding. At present we have departments buying the same supplies at the same time in the same quantities and paying different prices, and nearly always a price higher than paid by business houses.

5. Coöperation in the use of employees. At present each department employs on an annual basis the number of employees necessary during the "peak" period. There should be and can be a transfer of employees from one department to another where rush periods do not synchronize.

6. Better collection of taxes. In Douglas County we have two and one-half million dollars outstanding in personal taxes for the past six years. The law says very plainly that distress warrants shall be issued on February 1 after these taxes become delinquent. If this had been done, most of this money would have been collected, justifying a lower levy. As it is, payment of personal taxes is an optional matter and manifestly unfair on the present basis.

7. A short ballot making possible analysis of each candidate and therefore intelligent voting.

8. Selection of employees on a merit basis rather than on a basis of reward for party service and an end to "kicking in" by employees from their pay at primary and election time as well as an end to employees being required to campaign for their superiors. This represents one of the largest wastes we have in government. If employees who are capable feel secure and know that their employment does not depend upon the outcome of an election, they will certainly give better service.

9. The county manager will see the county as a whole—one department in relation to another. He will be able to inform the public as to the actual situation and thus keep the processes of the county government visible.

10. The county manager system should mean an annual saving to us of from $200,000 to $300,000 without injury to any essential function of gov-

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Refunding as a Means of Solving the Municipal Debt Problem

An expert in municipal finance sounds a warning on a current fiscal problem

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In dealing with the subject above it is desirable, from the standpoint of clarity, to classify or define refunding.

There are two types of refunding to consider in dealing with municipal debt problems and it is important that we distinguish between them. The first type is the sale of bonds in the open market, and the second involves negotiating with the holders of maturing obligations to accept refunding bonds in payment in whole or in part. The latter type is rather commonly referred to as "forced refunding".

REFUNDING BY SALE

This procedure provides for an easing of the debt service burden, but the practice must be guarded against, as a matter of general policy, as the privilege may be easily abused. This is especially true where state legislation opens the door for such refunding, and municipal subdivisions interpret such legislative authority as an endorsement of the general practice instead of providing a form of relief in only those cases where such relief is seriously needed.

I wish to avoid being misunderstood when I say that there are occasions when it is perfectly proper to sell refunding bonds as a means of relieving the municipal debt problem.

Such refunding should be confined, broadly speaking, to the following: (1) To equalize debt service where wide discrepancies exist in maturing obligations during the next few years; (2) Where excessively heavy expenditures are being provided for emergency needs of a temporary character out of current income normally available for debt service, some refunding may be warranted if it does not unbalance maturities in later years.

Possibly I shall be better understood if I mention the instances where I feel refunding should not be resorted to, as to do so would violate certain fundamental principles.

Refunding should not be employed as a substitute for operating economies, the effect of which is to mislead the taxpayer in thinking that the resulting reduction in the tax levy is due to more efficient operating practices.

It is unsound to refund for the purpose of merely postponing the payment of debt unless such postponement is imperative.

To delay the payment date is no solution of the municipal debt problem as the debt is still outstanding and the cost to the public is increased because of the longer period during which interest must be paid.

Such a procedure violates the principle of serial maturities which has become a well established and approved procedure in municipal borrowing. This principle supports the theory that bonds should be matured during the life of the improvement made possible by the original sale of the bonds.

This, incidentally, is one of the strong security features of municipal bonds which is frequently overlooked. The practice results in a very large amount of municipal indebtedness being paid off each year and a rather rapid improvement in the general debt structure if no new debt is incurred.

FORCED REFUNDING

This procedure occurs where the municipality in question does not enjoy adequate credit to make possible a favorable sale of refunding bonds. As an alternative to default it is unquestionably desirable and a good deal of this type of refunding has occurred where heavy temporary debt was outstanding, particularly in the states of New Jersey and North Carolina. Ohio has also employed this medium because of excessively heavy serial maturities which became very burdensome because of the large amount of bonds which were issued as general obligations, but were payable primarily from special assessment taxes.

In such cases where forced refunding is resorted to it should be recognized by the municipality that the creditor is entitled to full information in order that he may be satisfied as to the fairness of the plan proposed and whether or not he should be asked to sacrifice the receipt of cash payment in order that the taxpayers of the municipality may reap the benefit.

The interest rate which such refunding obligations should bear can be a very difficult question to determine in fairness to all parties. I have been asked on several occasions to give impartial advice and have found in some instances it was far from easy to know just what recommendations to make. The creditor in accepting a refunding bond instead of cash payment, which is his due, is asked to make a real concession in order to assist the municipality and relieve it from embarrassment. This concession entitles the creditor to at least a fair return on the money which he is continuing to loan to the municipality.

Acceptance of the theory of forced refunding can lead to excessive use if not carefully watched. In some cases it may be the only solution and under such circumstances the procedure is warranted. It should be recognized also that certain forms of temporary debt should not as a matter of principle be funded as no permanent improvements or benefits have been created by them. Where the temporary debt has been built up to such a figure as to make it entirely unmanageable except through a refunding operation, this may be the wise procedure even though certain fundamentals are violated in the process, as it is imperative that the debt be placed in such shape so that it can be reasonably expected that obligations can be met as they mature.

In conclusion, therefore, it can be said that refunding as a means of solving the debt problems of municipalities is justifiable in cases of both public sale and forced exchange, but only with the surrounding qualifications which will avoid: (1) Refunding by public sale except when necessary; (2) Abuse of powers and privileges in forced refunding to the injury of credit.

Finally, it may be of advantage to observe that in the preservation of municipal credit it is essential that a good faith attitude on the part of the municipality be evidenced in all its negotiations with its creditors. This should show a real desire to pay as promptly as possible and to deal equitably with all parties.

Editor's Note: Remarks by Mr. Linen at the panel session on "Problems of Municipal Finance," National Conference on Government, Pittsburgh, November 26, 1934.

The New Status of Zoning In Texas

Texas Supreme Court upholds comprehensive zoning ordinance

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DURING the last twenty years the problem of zoning has contributed to the officials of the cities of Texas (and the judges of the state's courts) more than its share of gray hairs. The legal questions surrounding the problem have been up before many courts in a wide variety of actions during the two decades since 1914. Almost uniformly the higher courts have held against the city, though it appears that two 1934 decisions by the Supreme Court will have the effect of letting down the bars for the adoption by any city which is so minded of a broad and inclusive zoning ordinance.

The reasons for the disfavor with which the courts have regarded zoning in the past are not far to seek. The first concerns the matter of the power of the municipality. Before 1913 it was a problem of considerable difficulty to determine precisely what powers had been bestowed upon the city by the legislature. In that year, however, the so-called home rule amendment to the state constitution, which provided that cities of more than five thousand inhabitants might draft new or amend their old charters, was adopted. Shortly thereafter the legislature passed an enabling act which granted to home rule cities very broad and extensive powers. In 1916, the highest criminal tribunal of the state declared, with reference to the powers of home rule cities, that "If the legislature has placed no limitations on the powers of a city to act and (any given ordinance) is inconsistent with no provision of the constitution or the general laws of the state, the power of the city is as general and broad as is the power of the legislature to act." (*LeGois v. State,* 190 S. W. 724.)

Notwithstanding the undoubted intent of the constitution and the legislative body concerning municipal powers, not to mention the interpretation placed on this intent by the Court of Criminal Appeals, the courts found difficulty in upholding the validity of zoning ordinances. It is true that the earlier cases related to ordinances of cities which had not taken advantage of the provisions of the home rule amendment. Some of the later cases, however, involved efforts at zoning by home rule cities. Best known among these, perhaps, is *City of Wichita Falls v. Continental Oil Company,* (5 S. W. 2d 561). In this case the appellate judge certified to the Supreme Court this question: Is the Supreme Court's zoning rule equally applicable to cities which draw their powers from legislative grant and to home rule cities? The question was answered affirmatively. It was clear, therefore, that in so far as the question of municipal powers entered into the determination of the legality of zoning ordinances, the home rule amendment and the enabling act, with their broad grants of powers, made absolutely no difference in the attitude of the court.

Meanwhile, it is interesting to note, the state legislature coöperated with the cities to the fullest extent, passing more than one law designed to remove what seemed to be the chief statutory difficulties in the way of zoning. Meantime, also, the courts upheld an occasional ordinance which, in the eyes of some, closely resembled the zoning ordinances held invalid. Apparently, then, there was a major obstacle in the way of zoning besides the lack of power on the part of the city to achieve the end sought.

THE CHARACTER OF ORDINANCES

The obstacle in question is readily discovered. It is found in the character of the ordinance itself. The Dallas ordinance, originally called into question in the Spann case (*Spann v. City of Dallas,* 235 S. W. 513), defined a residence district as one in which there were more residences than business houses within three hundred feet of a proposed new structure; and provided that a business building might be constructed in such a district only with the consent of three-fourths of the district's property owners and the approval of the building inspector. The lower courts upheld this ordinance as a valid exercise of the police power. The Supreme Court, however, reasoned that, "If the presence of a store in a residence district of a city is a hurtful thing, so much so as to warrant its proscription by law, certainly it is not rendered less harmful by the fact that three-fourths of the property owners of the immediate area—many of whom may not reside there at all—consent to its presence." On the ground then that the ordinance related rather to esthetic and sentimental considerations than to those of health and safety, the Supreme Court declared it invalid, holding that it rested upon an illegal and unconstitutional use of the police power. Other points were involved in the case, but this seems to have been the primary one.

A new ordinance of the city of Dallas which professed to remedy the defects of the old was nothing more than a half-hearted attempt to circumvent the major objections voiced by the court to the original ordinance. It likewise was held invalid in a series of cases each of which rested largely on the reasoning and the holding of the Spann case. Moreover, when the city of Wichita Falls attempted to transplant to a new soil the second Dallas ordinance, it found its efforts effectively spiked in the Supreme Court by the Spann case rule, notwithstanding a favorable decision in the Court of Appeals.

Throughout this litigation, which covered a period of more than ten years and included at least half a dozen key cases, the city of Dallas was the chief aggressor, constantly amending its so-called zoning ordinance in an effort to remedy the evils found by the courts. The Court of Civil Appeals on one occasion felt it necessary "because of the persistent attitude of the governmental agencies . . . " of Dallas to advise that city that, if it wished to seize or destroy the property of its citizens without legal cause, it would "be necessary that our state constitution be so amended as to grant such power and authority." (*Gulf Refining Company v. City of Dallas,* 10 S. W. 2d 151).

AN ADEQUATE GRANT OF POWERS AND A COMPREHENSIVE ZONING ORDINANCE

The history of the various piecemeal zoning ordinances and their fate in court thus pointed quite clearly to two inescapable prerequisites to a satisfactory solution of the problem. First, there must be an adequate grant of powers to the city (or a more liberal interpretation of home rule powers by the court); and second, there must be a more carefully drawn and comprehensive zoning ordinance. The former was secured by a legislative act passed in 1927 which, modelled closely after the *Standard State Zoning Enabling Act* of the Department of Commerce, provides that for the purpose of promoting the health, safety, morals, and general welfare of the community, a municipality may pass a comprehensive zoning ordinance. (Vernon's *Annotated Texas Statutes,* v. 2, Articles 1011a to 1011j).

The city of Dallas, perceiving in the new statute a possible avenue of escape from its long-standing difficulties, proceeded in 1929 to adopt a zoning ordinance in pursuance of the act. On this occasion, as indeed on others in years past, the city was very careful to follow explicitly the provisions of the statute —so careful, indeed, that section 1 of the new ordinance follows almost verbatim the introductory sections of the legislative act. By the terms of the ordinance the city is divided into six use and six area districts. The use class comprises dwelling, apartment, local retail, commercial, first manufacturing, and second manufacturing districts. It will be observed readily, therefore, that the Dallas ordinance is not greatly different from those which have been widely adopted in other states.

THE SUPREME COURT'S NEW ATTITUDE

No sooner had the ordinance gone into effect than it was attacked in the courts. The Court of Civil Appeals, in *Scott v. Champion Building Company* (28 S. W. 2d 178), was called upon to pass on both the legality of the ordinance and the constitutionality of the statute under which it was passed. This it did, citing the Euclid case (*Euclid v. Ambler Realty Company,* 272 U.S. 265) at length and arguing that since there was a "rational" relationship between the scheme of districts set up and the health, safety, and general welfare of the community, the ordinance was valid. The court insisted that the Spann case and the instant case were not in conflict, inasmuch as the opinion in the former case freely conceded the city's right to exercise the police power in the interest of its citizens, and ruled only that the ordinance in question did not rest upon a legal exercise of that power. The statute of necessity was held good along with the ordinance. The Scott case, decided in 1930, gave a new aspect to zoning in Texas. Unfortunately, however, the last judicial word on the subject was not invoked, since the case did not go to the Supreme Court.

In 1932 the Court of Civil Appeals passed on a case styled *Lombardo v. City of Dallas* (47 S. W. 2d 495), which involved, for present purposes, the same points as the Scott case. Lombardo argued that both the state law of 1927 and the Dallas ordinance enacted thereunder were void, being both in conflict with provisions of both state and federal constitutions. The Court of Appeals made short shrift of the case. It recognized the importance of the problems sought to be dealt with by districting the city; it noted the country-wide approval of zoning ordinances; and it cited the Scott case, accepting its reasoning in whole. In short, it fell into line on the zoning question, holding the ordinance valid as based on a proper exercise of the police power. At about the same time a similar case, by style *McEachern v. Town of Highland Park* (34 S. W. 2d 676), came before the court. The opinion of the court there was so similar to that written in the Lombardo case that the two may be said to be identical; the decision was the same.

It remained for the Supreme Court

to pass finally upon the questions at issue. This it did when on June 30, 1934, it handed down decisions in both the Lombardo and McEachern cases, which had come before it on writ of error. The court wrote a lengthy opinion in the Lombardo case; it merely referred to that opinion in passing on the McEachern case. In both it upheld the Court of Civil Appeals, complimenting it upon its opinion and accepting explicitly the reasoning of that court.

The case *Lombardo v. City of Dallas* involved no points with which the student of zoning is not wholly familiar. It is an extremely important case from the point of view of Texas cities, however, in that it places the courts of the state on record as regards a comprehensive zoning ordinance passed under the authority of an adequate legislative grant of powers. With reference to the history of zoning litigation in Texas, it must be said that the courts seemingly have been entirely correct in their attitude, particularly as it concerns the ordinances themselves. Certainly it is not difficult to conclude that the ordinance which gave rise to the Spann case and those immediately following it as well did not rest upon a justifiable exercise of the police power. The question of the legality of a comprehensive zoning ordinance came before the Supreme Court for the first time in the Lombardo case, and that tribunal minced no words in placing itself on record: it accepted the doctrine of the Euclid case in whole and in part. Texas cities may now go forward in the pursuit of their planning needs, for they have the promise of as liberal a judicial interpretation of their zoning ordinances as may be found in any jurisdiction.

FUTURE DEVELOPMENT OF EDUCATION

(Continued from Page 104)

buildings and in purchasing school sites. It does not require the acceptance of the practices too often associated in the past with athletic programs and the provision of facilities for them.

There are obstacles which stand in the way of realizing the educational development which has been sketched in this article—but not obstacles which should prove insuperable to practical human intelligence. There are weaknesses, both in the objectives and the administrative practices of present-day schools and colleges. The weaknesses, however, can be overcome by the better trained and increasingly alert teachers and executives who are being recruited for educational service. The narrow police conception of the function of government must be replaced by one which permits the state directly and realistically to engage in any activity demanded by a broad appraisal of social needs.

It is not within the scope of this article to trace in detail the means whereby the various educational developments which have been forecast will be accomplished. That is another story. Rather, this article is concerned with two fundamental propositions: First, it is economically practical to finance a far more extensive educational program than this country has yet seen. And second, a series of social factors and forces are already operating to bring about a system of education which will transcend in social effectiveness and financial expenditure anything yet attempted. This system of education will be based upon the needs of the twentieth century. It will accept as a legitimate function of schools and colleges any educational activity which a realistic appraisal of social needs seems to justify.

Outlines For New American Personnel Program

Summary of recommendations from "Better Government Personnel," report of the Commission of Inquiry on Public Service Personnel[1]

General Recommendations

1. A CAREER SERVICE SYSTEM should be established in the various governmental units, federal, state and local, through the enactment and execution of appropriate laws, or through the development of existing personnel or civil service administration.

2. There should be developed in each of the larger governmental units an agency for the personnel administration, to render constructive personnel service instead of devoting its entire attention to the policing of appointments, as has been all too common under civil service. The personnel agency must have adequate powers, staff, and appropriations to maintain and develop the career service system and render personnel service to the operating departments and their responsible officers.

3. All positions involving any compensation or fees from the public treasury under any unit of government should be designated as falling in one or another of the following categories: (a) the political or major-policy determining group, which would include legislators, elected chief executives, appointed executives of the cabinet or subcabinet grade who are expected to share political responsibility with their chiefs, and in some cases the members of boards and commissions and immediate private secretaries of such officials; (b) the judges, but not the court employees; (c) the military service; and (d) the general service.

4. The general service should be placed on a career basis through subdivision, first of all, into career services, not into many classes as has been the past American practice. We do not believe that the public service should first be minutely classified into pigeonholes, for which the civil service commission tries to find men who exactly fit each compartment, but rather that the service should be divided into ladders, for which young men are normally selected to start on the bottom rung. These ladders must rise from different points depending upon the kinds of service, and an opportunity must be provided for advance at different rates of speed and for transfer from one ladder to another.

5. The career service should extend to all the non-political top positions, including many posts not now covered by civil service in most jurisdictions. The tops of the ladders would thus reach posts of real eminence and honor.

6. The major classification of the general public service should be along the following lines: first, the administrative service; second, the professional and technical service; third, the clerical service; fourth, the skilled and trades service; and fifth, the unskilled service.

7. With the establishment of these career services on the basis of competi-

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[1] Published by McGraw-Hill Publishing Company, New York, 1935.

tive entrance, and advancement on merit, the salaries of the top positions should be materially advanced, and adequate retirement provisions should be made for each group.

8. Recruitment to each one of the career services should be articulated with the American educational system and with the average age levels of young men and women who have reached the stage of education and development fitting them for the lower grades of the various services.

9. Certification by accredited professional associations and by legally established professional bodies should be made a prerequisite for all professional and technical positions to which this procedure is applicable.

10. Probation must be developed and utilized as a most important part of the selection process, and not neglected as at present in practically all jurisdictions. A probationary period of service of not less than six months should elapse before an appointment becomes in any way permanent.

11. The vicious practice of evading the merit system through temporary appointments which are continued indefinitely must be prevented by stricter legislation and control.

12. The system of promotion is fundamental for the maintenance of a career service; it should therefore be a first duty of personnel officers, and of general administrators as well, to develop contacts between superior officers and subordinates, to encourage training in the service, to maintain service records, and to facilitate transfers, particularly during the early stages of a man's career, so that every employee may have a chance to advance, so that men of special capacity may be discovered promptly, and so that the petrification of personnel in stagnant and forgotten places may be prevented.

13. Public employees should be given security against dismissal or demotion for trivial, personal, religious, racial, political, or other arbitrary or extraneous reasons. Legislation thus guaranteeing tenure should not be enacted except in conjunction with (a) a system of recruitment, appointment, and probation which will insure the appointment of thoroughly capable persons only; (b) periodic service records with a procedure for transfer, adjustment, and reduction in pay with reduction of service; (c) the pensioning of superannuated employees; and (d) an adequate administrative procedure for discipline or discharge from the service.

14. Those who devote their lives to the public service deserve an honorable pension when the time comes for them to step aside from the arduous duties of government work, and relinquish their posts to the oncoming group. A financially sound pension system, based on contributions by the public and the employee, should be established to cover every permanent position, with provisions for the transfer of credits with the transfer of the employee from jurisdiction to jurisdiction.

15. Coöperation should be established between the federal personnel administration and the state and local administrations through such measures as the joint use of eligible lists, the joint preparation and conduct of examinations, and the development of technical studies.

16. In the states similar coöperation should be established as between the state and the local personnel agencies, tnd there should be developed, either by the state or by the leagues of local governments, central technical services available to the units of government which cannot maintain complete personnel agencies of their own. The larger local government agencies should also be empowered to render personnel ser-

vice at cost on a contractual basis to nearby smaller units of government.

17. The short ballot which we have always had in the federal government should be adopted also in states and local units.

18. Uneconomic and unworkable small units of local government must be modernized through consolidation of boundaries and positions, the establishment of joint services, and the use of central technical assistance particularly in maintaining personnel. In order that there may be careers in local government service, with promotion from city to city or county to county, local residence requirements should be abolished.

19. Public personnel officers throughout the United States should through their national association undertake far more extensive research in the technical problems of personnel administration, wherever possible in coöperation with qualified specialists in private business and in the universities.

Specific Recommendations

1. The immediate repeal of all national, state, or local laws or ordinances, such as the federal "Four Year Law" adopted in 1820, setting a definite term of office for appointive administrative officials.

2. The inclusion of all postmasterships in the civil service system and their recruitment primarily by promotion.

3. The inclusion of federal deputy collectors of internal revenue and marshals in the classified service.

4. The extension of the federal civil service classification to include under the merit system such professional and skilled services of the regular departments as are now excepted.

5. The immediate extension of the federal civil service system to include as far as may be practicable the personnel of the existing federal emergency administrations, boards, and agencies.

6. The extension of the merit system under the supervision of the United States Civil Service Commission, wherever practicable, to the personnel of state and local government agencies receiving or expending federal funds, as a condition of the grant, with the power to utilize existing local civil service agencies which are able and willing to meet standards set by the United States Civil Service Commission.

7. The extension of classification and salary standardization to the federal services outside the District of Columbia.

8. The amendment of veteran preference laws so that they will adequately recognize the war service experience of veterans without conflicting with merit principles or the efficiency of the public service.

9. The immediate repeal of section 213 of the economy Act of 1932, which requires the discharge of one member of a married couple when both are employed in the federal service.

10. The repeal or amendment of all general provisions prescribing residence requirements or geographic apportionment of appointments.

11. The immediate establishment or designation in every governmental department or agency of adequate size, whether federal, state, or local, of a personnel officer, who should in the larger departments be freed of all other responsibilities.

12. The increase of the appropriations for personnel administration and the Civil Service Commission in the federal government and in state and local governments where this is necessary for the adequate maintenance of the merit system, as a step toward the ultimate development of a career service.

NEWS OF THE MONTH

NOTES AND EVENTS

Edited by H. M. Olmsted

Massachusetts Supreme Court Protects Public Amenities in Billboard Decision.—The decision of the Supreme Court of Massachusetts in the "Massachusetts billboard cases" (*General Outdoor Advertising Company, Inc., and others vs. Department of Public Works*) on January 10, after nearly ten years of litigation, makes that case not only the leading billboard case in the country, but also the leading case on the protection of public amenity under the police power.[1]

Fifteen cases were decided, involving the general restrictions of the state department of public works, somewhat more onerous restrictions of the town of Concord, and the refusal of the department to renew the permit for the conspicuous Chevrolet roof-sign which overlooks and disfigures Boston Common and the State House, the latter refusal being based wholly on considerations of "taste and fitness." The regulations and the public authorities are sustained in every particular.

In barest outline the decision covers the following points, among others: (1) The billboard companies may be compelled to relocate their boards in accordance with the regulations, in spite of the expense, without compensation. (2) The billboard business is in a class by itself and may be regulated as such under the police power. (3) One basis for its regulation is the safety of travelers. There is danger both from obstruction of view and distraction of attention. Inattention causes accidents. Billboards cause inattention. (4) The regulations are also legal in that they are designed to protect travelers from the annoyance of commercial propaganda. The traveler has a right "to a peaceful and unannoyed journey." (5) Scenic beauty contributes a highly important factor to the welfare of the state; "to preserve such landscape from defacement promotes the public welfare and is a public purpose." To this end advertising on private property within public view may be controlled. Even if the regulations "did not rest upon the safety of public travel and the promotion of comfort for travelers, we think that the preservation of scenic beauty and places of historical interest would be a support for them. Considerations of taste and fitness may be a proper basis for action in granting and denying permits for advertising devices." (6) In a town of the character of Concord the restrictions may legitimately include and apply to business districts as well as to the others, without special exceptions or special concessions to the billboard business in business districts. (7) The sign overlooking Boston Common may be refused a permit upon the sole ground that it is "an inappropriate and obnoxious intrusion into that locality", without regard to considerations of safety, health, or morals. Considerations of "taste and fitness" are sufficient to exclude. (8) The effect of the 1918 amendment to the Massachusetts constitution was to overrule a decision of the Supreme Court in 1905 limiting the police power of the state in its control over outdoor advertising. The police power over this subject is now complete. (9) The regulations in question are also wholly in accord with the federal constitution.

Albert S. Bard

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[1] National Municipal Review, Vol. XX, No. 8, August 1931 contained an article on the master's report in these cases. The present decision confirms both that report and a later supplemental report.

Michigan's Experience with Permanent Registration.—Permanent registration of voters has had a year's trial in the state of Michigan and has been found economical, according to a report made recently by the Michigan Municipal League. Sixty-two per cent of the voting population are already covered by the new system, which is in effect in 128 local units of Michigan government. It cost the 128 units $251,751—about 20 cents per capita—to install the new system of voting. More than a third of this amount went for the purchase of equipment.

Approximately thirty states of this country now have permanent registration laws applying to all or a number of their cities, it is announced by the Public Administration Clearing House. Among those most recently adopting legislation in addition to Michigan are Washington, Ohio, California, Iowa, and Kentucky.

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West Hartford Votes to Draft City Manager Charter.—Proponents of the city manager plan in West Hartford, Connecticut, were victorious in their first skirmish in efforts to secure city manager government in a referendum late in January, when three questions were submitted to the voters.

A special committee of the town council has been busy for the past months in drafting a charter to be submitted to the legislature. The questions submitted at this time, all carried favorably by comfortable majorities, were: (1) Do you favor a strong town manager form of government? (2) Do you favor a nonpartisan town council? (3) Do you favor a town council of seven members, one from each of the five voting districts and two at large, as approved by the special survey committee?

The next step is for the legislative committee of the council to draft a complete charter, Mr. D. Hayes Murphy, active in the campaign, informs us. The draft will then be submitted to the state legislature for approval, and resubmitted to the electors of West Hartford for adoption. Professor C. C. Hormell of Bowdoin College was technical adviser to the survey commission drafting the charter which will be the basis of the forthcoming legislation.

*

Planning Officials Organize.—The American Society of Planning Officials was organized in Chicago last month, its purposes including the exchange of information and the improvement of administrative standards and practices in land and community planning, and other service to the increasing body of national, state, regional and local planning agencies and their staffs and consultants. The society takes its place among the sixteen other associations of public officials having headquarters at 850 East Fifty-eighth Street, Chicago.

Officers are: president, Alfred Bettman, Cincinnati, president of the National Conference on City Planning and regional director of the National Resources Board; vice-president, Morton L. Wallerstein, Richmond, Va., chairman of the Virginia State Planning Board; treasurer, Charles S. Ascher, secretary of Public Administration Clearing House, Chicago. Walter H. Blucher, secretary of the Detroit City Planning Commission, has been elected executive director.

"The society recognizes the excellent work which has been done by citizen groups such as the American Civic Association and the National Conference on City Planning in stimulating public interest in planning," says Mr. Blucher, in announcing formation of the new organization. "It intends in every way to coöperate with such agencies."

Among important incentives for the formation of this organization Mr. Blucher mentions the work of the National Resources Board, which has resulted in the creation of forty-two state planning boards and has stimulated large scale land use planning and fresh consideration of the complex problem of finding the best use from a social and economic standpoint of our natural resources; while the prospect of a greatly enlarged public works program makes careful and comprehensive urban planning more urgent than ever before, if the tremendous sums suggested are to be spent wisely.

Municipal Engineers and Public Works Officials Establish Joint Secretariat.—The American Society of Municipal Engineers and the International Association of Public Works Officials have set up a joint secretariat in Chicago, to be administered by a joint board of four members from each organization. Donald C. Stone will be executive director. It was announced that funds have been granted the two organizations which enable them to make available to member municipal engineers and public works officials a clearing house of information on their current problems and to perform various other services to aid them in rendering municipal service. Local, state, and regional chapters to encourage coöperation of public works officials within such areas will be fostered by the association.

The first joint annual conference of the members of the two societies, which have a total membership of one thousand, will be held in Cincinnati next October.

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To Investigate Fire Insurance Ratings.—An investigation of the system of grading cities used by the National Board of Fire Underwriters in fixing basic fire insurance rates, to determine whether the system forces cities to maintain unnecessarily elaborate and extensive fire fighting equipment, under threat of higher insurance rates if the city's classification is changed by the board, will be made by a special committee of the Governmental Research Association.

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Planning Board of State Governments Meets.—The first meeting of the Planning Board of the Council of State Governments, which was recently organized by the American Legislators' Association, met in Washington on January 18 and 19 to draft practical plans for interstate coöperation. Members of the planning board include governors, legislators, and other state officials. This meeting was jointly with the managing board of the association and the Interstate Commission on Conflicting Taxation.

Henry W. Toll, executive director of the association, stated that the council, which is headed by Ex-Governor John G. Winant of New Hampshire, is engaged upon a project which is designed to bring about more effective coöperation of the various associations of state officials, of which groups there are now sixty.

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Federal vs. Local Relief.—According to Harry L. Hopkins, Federal Emergency Relief Administrator, state and local funds spent for emergency unemployment relief in 1934 were very considerably greater than in 1933, this being contrary to the impression in some quarters that states and local governments had relaxed their efforts to provide their share of financing. For the first ten months of 1934, the increase in such state and local expenditures was 28.3 per cent over the same period of 1933, and is said to constitute without doubt the largest financial contribution ever made by state and local governments for relief of the unemployed. The total amount of these expenditures for the ten months was $323,890,560. Mr. Hopkins attributes the increase to agreements made between the FERA and the governments of the various states for greater financial coöperation between the states and federal government in meeting the costs of relief, these agreements being made possible by the discretionary powers vested by Congress in the FERA.

The new policy of the federal government in accepting responsibility for providing work for employable persons, leaving the responsibility for unemployables to the states or localities—this division of the relief rolls being one which has been advocated by the United States Conference of Mayors and the American Municipal Association—should stimulate the work programs of local governments, as they will constitute one of the most readily available means to provide extensive employment with federal aid.

Slum clearance and low-cost housing are expected to play a large part in the general program for employment, as well as street improvements, sewers, water works, and other municipal projects the cost of which can be recouped otherwise than through general taxation.

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City and County Managers Total 451.—With the adoption of the council manager form of government in 1934 by four cities (Schenectady, N. Y., Clifton, N. J., Toledo and Washington Courthouse, Ohio), and one county (Douglas County, Neb.) in the United

States, one city in Canada (Mount Royal, Quebec), and one in Ireland (Limerick), the total number of city and county managers reached the total of 451, six of these being county managers. The great majority of such governments—432—is in the United States, but they are found in New Zealand and India in addition to Canada and Ireland. Experience with the plan now amounts to twenty-seven years, Staunton, Va., having adopted it first in January 1908.

According to a report of the International City Managers' Association, council-manager enabling legislation will be introduced in at least five state legislatures—Illinois, Indiana, Nevada, Pennsylvania, and Washington—in 1935. Campaigns for the adoption of the manager plan are now under way in twenty-five cities, including Pittsburgh and Syracuse. Of the eleven cities voting during 1934 on the question of abandoning the manager plan, all decided to retain it excepting Fall River, Mass., where the mayor-council form replaced it by a rather inconclusive vote. At the election of November 6, 13,864 votes favored the change, 10,150 were for retaining the manager plan, and 10,339 other ballots were unmarked as to this question. The recent manager of the city has been elected mayor under the new plan.

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Connecticut Tax Commission Reports.—Extensive revision of state laws governing municipal finance is recommended by the Special Tax Commission of Connecticut, which has just submitted a report after a survey of tax problems in the state. The Commission recommends to the legislature, which met in January:

1. A uniform fiscal year to be established for all cities and towns.
2. Cities and towns to be placed on a cash basis and the tax calendar revised so that they will no longer have to borrow in anticipation of current tax collections. To accomplish this, it is proposed that municipalities fund their current short-term indebtedness by issuing ten-year serial bonds on which the state will pay the interest charges and guarantee the principal.
3. Uniform local budget-making procedure, under state laws.
4. An adequate system of municipal accounting, auditing and reporting.
5. Local governments to be prohibited from issuing bonds in excess of an amount equal to their total property tax collections of the three preceding years, instead of the debt limit being determined by the total property assessment.
6. Property tax administration to be improved by providing appointed assessors, by abolishing local boards of tax relief, by introducing a state board of tax appeals and by providing for a more direct and definite procedure for property tax collection.

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New York City Charter Commission.—Mayor F. H. LaGuardia of New York City announced on January 12 the personnel of the new charter commission of that city, which was authorized last summer by the state legislature after the former commission, which had been named by the legislature, lost several of its most important members by resignation due to fundamental disagreements on the importance to be accorded the five boroughs—also constituting counties—which make up the city (see NATIONAL MUNICIPAL REVIEW for September 1934, page 477). The old commission consisted of thirty members, while the new one is a compact body of nine. None of the members of the old commission were appointed to the new one. The latter is headed by Thomas D. Thacher, former solicitor general of the United States, and also includes S. John Block, attorney; Mrs. William P. Earle, Jr., executive secretary of the Women's City Club of New York; Frederick L. Hackenburg, former assemblyman; Charles Evans Hughes, Jr., former solicitor general; Joseph D. McGoldrick, former city comptroller; Thomas I. Parkinson, president of a life insurance company; Joseph M. Proskauer, former appellate judge; and Chas. G. Meyer, real estate. The commission includes Republicans, Democrats and one Socialist, none of them, however, being considered as having close party affiliations. Mayor LaGuardia announced that the commission would have a free hand and ample funds for expenses, including salaries for secretary, counsel, etc. The members themselves are unpaid. Several are recognized authorities on governmental matters.

The commission held its first meeting on January 14, and announced that it would start a series of public hearings on February

18. It is hoped that the commission's charter may be ready for submission to the voters in the November election, but it may be necessary to hold a special election, thereafter, for that purpose.

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Pre-Session Aid to Legislatures.—The New York state legislature now in session has the benefit of suggestions for the improvement of legal procedure drafted prior to the session by a special judicial council consisting of the chief judge of the Court of Appeals, two lawyers from each judicial district, the presiding justices of the Appellate Divisions of the Supreme Court, the chairmen of the judiciary committees of the legislature and two other citizens.

In New Mexico sixteen committees appointed by the governor to compile information on legislative problems reported results of their study in December to a central legal advisory and bill-drafting committee, the resultant bills to be introduced as administration measures before the legislature in January.

These are variations from the pre-session conferences which were arranged by the American Legislators' Association in various states.

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Debt Refunding in Detroit and Toledo.—The $300,000,000 debt refunding plan of Detroit, Michigan, which went into effect in April 1933 after the city found itself without means of caring for its bonded debt, was completed in November 1934, and the last of the scrip that had been issued to pay current bills was retired. The new bonds rose in price in a short period from 36 to 90. Incidentally a modern tax-billing system was installed in the city treasurer's office, and the tax record and accounting system was revised to facilitate knowledge of the city's cash position. A new office of financial director, to advise the mayor in budget preparation, was recently created.

Toledo, Ohio, has a bond refunding program under way, and is giving close attention to methods of reducing current costs without curtailing services. After an intensive study of every municipal department, the city's Commission of Publicity and Efficiency recommends balancing the budget, now short $600,000, by reductions in salary and personnel, and by certain improvements in organization and procedure, which would result eventually in permanent economies.

Other cities now working out bond refunding programs are Asheville, N. C., Akron, Ohio, Pontiac, Mich., St. Petersburg, Fla., and Atlantic City, N. J.

COUNTY AND TOWNSHIP GOVERNMENT

Edited by Paul W. Wager

New York County Home Rule Amendment to be Submitted to Electorate.—The Fearon bill, amending the New York State constitution to permit county reorganization, passed by last summer's special session of the legislature, was similarly appoved by the present legislature, and may now be submitted to the voters at the fall election this year.

The amendment provides, for counties outside of New York City, that the legislature may make changes in the form of county government not now permissible, subject to ratification of the people with a favorable majority in any municipality containing more than a quarter of the county's population and also in the county outside such municipalities. Except that there must be an elective legislative body, officers now elective may be made appointive, or offices may be abolished altogether. Reallocation of governmental functions within the county among the various units of governments is permitted, as well as the abolition of local units whose functions are all transferred.

For the five counties of New York City, power is provided to abolish county offices except the courts, district attorneys, and county clerks, and to transfer any or all of their functions to appropriate city offices.

The former provisions of the bill are mainly those recommended by the Mastick Commission in its 1933 report on local government in the state, while the latter are those recommended last summer by the New York City Charter Commission.

WADE S. SMITH

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South Carolina—County Fee System Abolished.—In the recent election the voters of South Carolina approved five state-wide constitutional amendments which were submitted by the last session of the general assembly. Under the constitution of 1895 the general assembly was prohibited from fixing the amount or manner of compensation to be paid county officers except that laws could be so made as to grade the compensation in proportion to the population and necessary service required.

The section above was repealed and the general assembly was empowered to enact special laws fixing the compensation to be paid county officers, and providing for payment into the county treasuries of all fees collected by county officers.

George R. Sherrill

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Missouri—Shifting Relief Expenses to State.— Governor Guy B. Park in his message of January 2, 1935, to the Fifty-eighth General Assembly of Missouri recommended that the state relieve the counties of half of the expense of indigent insane patients in state hospitals. His suggestion meets half-way the growing demand of county officials, welfare workers, and rural legislators for the state to assume the entire burden of indigent patients in state institutions.

In 1933 a bill transferring all county insane expenses to the state was passed by large majorities in both houses, but vetoed by Governor Park for lack of state funds. He now proposes to pay half the expense, $743,580 per year, out of additional revenue, estimated at $4,000,000 to $6,000,000, to be secured by doubling the state sales tax. The present rate is one-half of one per cent. If additional funds are made available, it seems certain that at least part of this expense will be shifted to the state.

The Governor apparently believes that the counties should share the responsibility. No doubt his plan would prevent county courts (i.e. Missouri county boards) from dumping indigent patients on the state by declaring them insane. This would reduce county expenditures for indoor and outdoor relief.

Shifting insane costs to the state should have a wholesome effect on county budgets. The financial condition of some counties has become so desperate that the insane are being kept in the county homes, often under deplorable conditions. Even before the depression, the poorer counties frequently found it difficult to meet the mandatory expenses of local government. Only rarely could such a county undertake any optional activities. A reduction of $3,000 or $4,000 in their mandatory expenses will be gratefully received.

Shifting of this expense should also create more friendly county-state relations. These relations have been somewhat strained since the enactment in 1933 of the county budget law. Its provisions applying to the 109 counties of less than 50,000 population gives insane costs priority over all other expenditures. This guarantees that the state will receive its money from the counties, though the state itself is unable to pay its obligations and grants-in-aid to counties and local school districts.

Many people are also hoping that part of the cost of indoor and outdoor relief may be shifted to the state in the form of old-age pensions, as authorized in 1932 by a constitutional amendment. No law has been enacted to carry out the provisions of the amendment. And now, the Governor suggests that the legislature wait until Congress considers the subject.

The Missouri Association for Social Welfare is sponsoring two important bills. One would consolidate various state welfare, correctional, and penal agencies in a state department of public welfare, and give this department supervisory authority over county welfare activities. The other bill would make optional in any county the appointment of a county board of public welfare. Even a guess as to the fate of these two bills would be hazardous.

William L. Bradshaw

University of Missouri

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Montana — State Tax Conference.— County government occupied a prominent place on the program of the state tax conference held in Helena on December 17 and 18. The purpose of the conference was to bring together interested taxpayers representing all important groups in the state to discuss tax problems and to formulate a program for legislative action. Between 200 and 300 representatives from 40 of the 56 counties of the state attended the two-day conference. While state, county, city, and school district financial conditions were discussed and improvements in each suggested, the county government improvement program was the main feature and brought forth hotly contested debates.

The program advanced to improve Montana county government included the following: (1) Reduction of costs and increased efficiency of county bookkeeping and recording by securing simplified forms, changing administrative rules and removing certain legal objections; (2) A home rule charter bill providing for a more flexible form of county government but involving the essential principles of centralized directorship and coördination such as that contained in the present Montana county manager law; (3) Improved efficiency of county officials or employees by reducing the number of elective officials, raising the qualification standard, and extending the term of office or employment; and (4) County consolidation, reducing the number of counties from 56 to 28 or 29. This last proposal brought forth hot debate especially from representatives of the smaller counties. A consolidation bill will be presented to the legislature which will be a referendum measure to be submitted at the 1936 general election. It will designate the new boundaries of the counties and will provide that whenever, after the act takes effect, the taxable value of any county falls below $5,000,000, such county must be consolidated with some adjoining county or counties. While it is questionable if such bill will pass at this time, it does call attention of the public to present conditions in county government, and will undoubtedly stimulate county officers and legislators to make certain reforms which will at least partially remove some of the chief weaknesses.

R. R. Renne

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Oregon—The County as the Unit of School Administration.—Two important proposals affecting county government are before the Oregon legislature which began work the middle of January. The first is a proposal to extend the county unit system of school administration to all counties in the state. Heretofore the unification of school management under one county school board and administrative staff has been left to local option. A permissive law providing for unified school administration has been in existence since 1921, but until the depression came it received little favorable consideration. Amended in 1933, it now permits both high and elementary school functions to be unified under one county board of five members, except in the case of cities having at least one thousand children of school age, which are permitted to operate as separate districts. There are now five counties operating under the unified system. It is alleged that this plan has saved the educational services in the more remote sections of those counties from catastrophe during the last four years.

At any rate the special educational committee appointed by Governor Meier has recently published its conclusions that the county unit system ought to be extended to all the counties. The same view has been recommended by the legislative committee of the Oregon State Teachers' Association; and this recommendation was adopted by the governing body of that association without a dissenting vote. As proposed by the latter body any county not affirmatively rejecting the county unit system by popular vote prior to August 1, 1937, would automatically come under the county unit system.

To Consolidate Welfare Activities.—The second proposal dealing with the functions of county government is embedded in the report of the Governor's interim commission on public health and welfare. This body proposes a revolution in the machinery for handling welfare functions, on both the state and county level. It would consolidate all welfare activities under one commission, which would employ a director to take charge of the administrative tasks. Without indicating here what this means in altering the state administrative pattern, it should be noted that the scheme would centralize many of the tasks of caring for dependents, which are now exercised by county courts and county welfare workers, under the proposed state welfare commission. These tasks would in part be exercised through county or district (two or more counties) welfare departments. Over the latter the state body would exercise great influence through its power to appoint three of the seven members of the county or district board, through its right to approve the selection of the administrative director of the local board; and through its power to withhold grants-in-aid of local welfare activities unless the local welfare department carried on its work with due regard to the standards of personnel, service, and relief set up by the state commission.

This proposal means, if adopted, an end to the anarchic situation which now prevails in the policies underlying the adoption of dependent children which are now as diverse and peculiar as there are different county courts. It means that the control over the many state subsidized private child-caring institutions will be greatly strengthened and ought to result in more skilful attention to their physical and psychic well-being and less emphasis upon sectarian soul-saving. There are many other alterations of policy implicit in the plan and it will doubtless meet with stubborn resistance from the many state and county officials and private institutions that feel their vested interests threatened. Despite the fact that the "brains trust" selected by Governor-elect Martin as a planning agency has endorsed the new welfare scheme, it will have heavy sledding before it gets through the legislature.

Charles McKinley

Reed College

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Arkansas—Initiated County Salary Acts Successful.—The "voice of the people" spoke convincingly in the November 1934 general election when fifteen of Arkansas' seventy-five counties adopted locally (i.e., county) initiated salary acts affecting all county officials. Although initiative petitions were circulated in more than thirty counties, technicalities and insufficient signatures prevented all but twenty-two counties from voting on the proposals. (See this Review, September 1934). Widespread interest was developed during the campaign conducted to control salaries of county officers. The fortunate outcome at the polls clears the way for introduction of a general or state-wide salary act during the present (1935) session of the general assembly. During the 1933 legislative session political opposition caused the defeat of a bill designed to curb expenses of county government through salary regulation.

County officials, it is thought, led the lively opposition to the initiated laws. By resorting to the courts, opponents succeeded in killing the proposals in ten counties before they could be brought to a vote. Insufficiency of petitions and invalidity of signatures attached to petitions were the chief reasons for the premature death of the proposals.

Opponents of the initiated measures can be thanked for unearthing several serious defects in laws governing the administration of this modified form of home rule. Chief among defects pointed out are the following: (1) The constitutional provision governing county initiative and referendum measures provides that they shall be filed with one county official while a subsequent general law requires that they shall be filed with a different official; (2) state law does not specify the precise form of the title to be used in initiating county legislation; (3) state law does not explicitly cover the subject of publication of county initiated measures before they are placed on the ballot. These defects brought about confusion and litigation. The state chamber of commerce is taking the lead in a movement to clarify these issues by obtaining passage of a workable enabling act during the 1935 legislative session. In drafting the proposed act the experience of last year has been profitable.

Savings in counties adopting the salary acts are estimated to be between $5,000 annually in some counties to $60,000 annually in others. If all counties in the state adopted similar acts, estimated annual savings would amount to $1,000,000.

Perhaps the chief significance of the initiative salary act movement is not so much in the possible resulting economies as it is in the aroused public sentiment in favor of "doing something" about county government. The move must be regarded as a progressive development in Arkansas although it is anticipated that several law suits will grow out of acts adopted in 1934.

County Consolidation.—Early in December (1934) the Arkansas State Real Estate Association appointed a committee on county consolidation. Meeting in Little Rock, December 20, the committee considered recommending that the legislature authorize the Governor to appoint an official county government survey commission empowered to investigate the possibilities of merging Arkansas counties and also to examine county administration in general.

Kenneth O. Warner

University of Arkansas

New Jersey—Report of Commission on Local Government Planning.—The Commission on Local Government Planning headed by Thomas N. McCarter submitted a very pessimistic report to the legislature at the special session of December 17. This committee had been engaged in a study of the possibilities of the consolidation of some of the 464 municipalities and twenty-one counties of the state. The response to the efforts of the committee was indeed discouraging. Only thirty-eight replies were received to a questionnaire sent to the 485 municipalities. School districts were not included in the list.

The commission proposed two courses for legislative consideration. One was that the whole matter of consolidation be "indefinitely postponed". The alternative suggestion was that $100,000 be appropriated for an exhaustive investigation of the subject and the inauguration of a thorough-going campaign of publicity to educate the people and place before them the advantages and economies of consolidation. The School of Public and International Affairs of Princeton University was suggested as a proper agency for such a study.

The "home rule" principle, so overworked in recent years, received a rap in the report. "The State Commission is satisfied," it said, "that little can ever be accomplished if, because of political expediency or other reasons, the matter of consolidation must be favorably acted on through a plebiscite of each particular municipality involved." It was urged that the legislature deal with the problem or that the total vote in the territories to be consolidated determine the question rather than allow an individual municipality to halt the reform.

The weakness of the questionnaire method was demonstrated in the work of this committee. The discouraging number of replies should not be taken as proof of the lack of interest in nor the impossibility of effecting consolidations. Rather the nature of the questions was such that any municipal clerk or other official who was to fill them out had to take a day or two off in which to answer all the questions on the sheets. It was clearly demonstrated that "field workers", representing the commission, would have had to accompany the questionnaires to obtain a large percentage of replies.

C. R. Erdman, Jr.

Princeton University

TAXATION AND GOVERNMENT

Edited by Wade S. Smith

Taxpayer Favored by Manager Cities as Class.— That local government actually costs the taxpayer less in cities operating under the city manager plan than in cities under other forms of government is revealed in an analysis recently made of Mr. C. E. Rightor's comparative tax rates for 1934 (National Municipal Review, December 1934). In the analysis the adjusted tax rates are used as the basis of comparison, since these give the most reliable index to actual tax payments.

In the twelve cities having from 300,000 to 500,000 population, the highest class in which the city manager plan is in use, there are two city manager governments, Cincinnati and Rochester. Cincinnati has the lowest tax rate and Rochester has the second lowest, the adjusted rates being $18.22 and $22.77 per $1,000 of valuation, respectively. The average rate for the eight reported non-manager cities in the class is $28.96, with Jersey City high with a rate of $40.69. The median for the class is $26.50.

Of the six cities having the lowest rates in the next class of cities, those with between 100,000 and 300,000 population, two are city manager cities—Oklahoma City with a rate of $16.47 and Dallas with a rate of $17.96. The average rate for ten cities reporting in this group having city manager government is $25.23, which is $1.76 less than the average of the 44 cities in the group under other forms of government. The median for the group is $26.53.

In cities having from 50,000 to 100,000 population, three of the four lowest are under the city manager plan. Greensboro, N. C., has the lowest rate, $12.68; Roanoke, Va., ranks third with $16.25; and Kenosha, Wis., ranks fourth with $16.80. The average rate of the twenty-two manager cities in the group is $25.06, as contrasted with an average of $26.79 for the fifty reported cities having other types of government. The group median is $25.56, while Bayonne, N. J., a non-manager city, has the highest rate, $44.15.

In the 30,000 to the 50,000 population group, of the six cities having the lowest rates, three are manager cities. Newport News, Va., is second lowest with a rate of $15.90; Auburn, N. Y., fifth lowest with a rate of $16.36; and Lynchburg, Va., sixth lowest with a rate of $16.80. The average for the 21 manager cities reporting is $24.37, as contrasted with an average of $25.56 for the 71 reporting cities under other forms of government. The median for the group is $25.13. Chelsea, Mass., has the highest rate, $43.40, the highest city manager city in the group being Tucson, Arizona, with a rate of $31.35, which is fourteenth from the highest rate in the group.

This is encouraging news, indicating so far as it is possible with existing statistics what has been believed and supported by scattered evidences all along. The city manager governments do supply services with less strain on the taxpayer than do the other forms. But how compare these services themselves? How weigh cost and tax data to take into account such factors as frequency of garbage collections, ratio of fire losses, effectiveness of policing, efficiency of city employees, extent of park and playground areas, hospitalization and welfare programs, cultural opportunities provided by the city, and the host of physical elements tending to make cities non-comparable? Until a formula is invented which will relate costs and these and many other imponderables, statistical comparisons between cities will be subject to serious limitations. The generalization seems safe, however: city manager governments do cost less.

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Cincinnati Reduces Tax Rate $4.58 for 1935.—By a fortuitous combination of circumstances, Cincinnati takes the lead of the manager cities in reducing the tax costs to its citizens for the coming year, in announcing that the tax rate for 1935 will be $16.86 per $1,000 of assessed valuation, a reduction of $4.58 over the rate for 1934. The cut will save taxpayers an estimated $3,600,000 on property valued for taxation at $816,000,000.

As those familiar with recent Ohio developments will recognize, the reduction is made directly possible by the anticipated receipts of the city's share of the new 3 per cent state sales tax recently provided by the legislature to meet the grave situation caused by the reduction of the constitutional tax limit to 1 per cent. But whereas this local share of the state tax will be used in the majority of cities to make up the deficits occasioned by the tax limit—Cleveland is said to be considering issuing $6,000,000 in deficiency bonds in addition—Cincinnati is able to use the money for added taxpayer relief.

Despite the reduction, the city plans to restore in full the salary cuts made two years ago, so far as employees receiving less than $1,500 a year are concerned, and to restore one-third of the amount of the cuts for those in higher income brackets.

*

Binghamton Ends Year with Surplus.—A short report of City Manager C. A. Harrell to the council of Binghamton, N. Y., cites the following financial facts for the fiscal year 1934:

(1) All obligations of every nature were either met or the proper encumbrances established for their payment.

(2) No tax anticipation notes were issued. Outstanding taxes for the year were $24,131 less than the amount of taxes outstanding at the close of 1933.

(3) Unexpended budget balances applicable to the general fund were $45,789, of which $38,202 was operating balance, $1,043 debt service balance, and $6,543 the balance in state and county appropriations. Water works budget balance was $52,600.

(4) The cash balance in the general city fund was $71,428. The cash balance of all budgeted funds was $144,378, and in all funds $423,552. Income applicable to the general fund from sources other than taxation exceeded budget estimates by $97,903.

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Kenosha Cuts 1935 Taxes.—From Kenosha, Wisconsin, comes news in the "Twelfth Annual Letter to Kenosha Citizens" telling of a reduction in the tax rate for 1935 to $2.70 per $100 assessed valuation from $2.80 in 1934. Taxes for city purposes will total $603,091 as compared with $635,697 in 1934. Reduction in the tax rate is made in spite of substantial tax delinquencies, loss of nearly half a million annually in the city's share of state income taxes, and a tremendous increase in appropriations for unemployment relief. Says the leaflet:

"To meet this enormous loss of revenue and the additional expenditures for unemployment relief, it was necessary to curtail expenditures whenever possible, and in 1932 the salaries of all employees were reduced 15 per cent, and in 1933 another 10 per cent. In 1934 a credit against delinquent taxes for the year 1931 was set up to re-establish salary schedules during the year 1934 equivalent to the original 15 per cent reduction, this to be paid as funds for delinquent taxes for the year 1931 are paid over to the city by the county treasurer. By this method the city's finances have been maintained on a cash basis, all city obligations have been paid in cash, and during this period the net debt of the city has been reduced $356,930."

Net debt of Kenosha as of December 31, 1934, was $3,024,000, of which $2,544,000 was in school bonds. H. C. Laughlin is city manager.

*

Jersey Governor Outlines Tax Relief Plan.—In his inaugural address January 15, Governor Harold G. Hoffman of New Jersey outlined a $35,000,000 program of new taxes to lighten the burden on general property and provide for emergency relief. A state income tax with rates averaging about one-half those of the federal government, and a 2 per cent sales tax, the former to yield $15,000,000 and the latter $20,000,000 annually, were proposed.

Governor Hoffman would allocate the revenue from the new taxes as follows: $18,000,000 annually to remove from real estate the 2¾ mill state school tax; $900,000 annually for assumption by the state of sinking fund requirements on bonds issued for paying the soldiers' bonus, now raised by a direct property tax; and an amount necessary for assumption by the state of the 25 per cent of the total cost of old-age relief now assessed to counties but carried as a temporary expedient on relief funds. The balance would go to emergency relief.

Sentiment in favor of a state income tax in New Jersey has been growing in the past few years, both because of its obvious desirable features, and also because it would enable Jersey residents working in New York to offset their payments against New York income tax claims and keep the money in the home state. The status of the sales tax is not so clear. Whereas a number of organizations have supported the income tax proposals, opponents of the sales tax have been successful to date in preventing its adoption.

*

Model "Budget Dollar" Booklet for Wisconsin Cities.—"Why Pay Taxes?" is the title of a model report suggested for use of cities and villages in the state by the League of Wisconsin Municipalities. It is a model of condensed argument against ruthless budget slashing and blanket tax limits also.

The model report is a twenty-page six by nine inch pamphlet attractively printed with two pie graphs and several simple tables, using the average costs for all Wisconsin municipalities to tell the story of "Badger City". It is not a substitute for the annual report, but an answer to basic questions about services and costs which every citizen should know.

A foreword entitled "Let the People Decide" reviews briefly the elevation of private and public standards of service, and points out that the voters have added the new services and may if they wish dispense with them. Inter-relation of city, county, state, and federal taxes are discussed, and the effect on services of a 15-mill tax limitation proposal is shown. City services are then described one by one, evaluated, their cost compared with various private purchases of the taxpayer, and the crippling effect of the tax limit shown for each. The report ends with a boxed list of "Financial Problems Confronting Badger City".

"Why Pay Taxes?" is an encouraging addition to the growing body of literature designed to stimulate intelligent taxpaying. The use of similar material by every city in the country cannot fail to pay dividends to citizens in their dual capacity of taxpayers and consumers of governmental services.

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Legality of New York City's recently adopted city income tax, equal to 15 per cent of the federal income taxes imposed in the city, is questioned by a recent report of the Comptroller's Advisory Council on Taxes. The committee recommends repeal in view of certain litigation and the doubtful authority of the city to levy the tax. The tax, unless repealed, will become effective March 15.

Imperial County, California, reports the highest tax collections in four years, as the result of an audit of the payments for the first installment period late in 1934.

*

Governor Talmadge of Georgia has by proclamation removed from the hands of private insurance companies $6,216,653 in insurance on public buildings which expired this year. Assessments will be levied against the departments which would have paid the premiums to start a self-insurance fund in the state treasury.

*

Commissioner of Taxation F. H. Bushick of San Antonio, Texas, announces a reduction of the tax rate for 1935 to $1.43 per hundred of assessed valuation, from a rate of $1.79 in 1934. The new rate breaks down with 75 cents for general fund, 64 cents for debt service, 2 cents for library fund, and 2 cents for fire and police pensions. Last year's breakdown was 84 cents for general fund, 92 cents for debt service, 2 cents for library fund, and 1 cent for pensions.

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"Scores of municipalities are undoubtedly entitled to much better credit than they now enjoy," said Comptroller Morris S. Tremaine of New York State recently, in urging the value of frequent audits of municipal finances. He stressed the need of competent accountants and the necessity of making their reports public.

*

In the first twenty months' operation of the Kerner-Skarda tax receivership law in Illinois, Cook county collected under it nearly $250,000,000 in real estate taxes, including penalties of over $11,000,000. The treasurer's office is receiver for more than 650 properties under the law, it was recently announced. The act is said to be one of the most effective weapons in the fight to rehabilitate Chicago's finances.

PROPORTIONAL REPRESENTATION

Edited by George H. Hallett, Jr.

Cuyahoga County Charter Commission Votes for P. R.—On January 23 the charter commission of Cuyahoga County, Ohio, which includes the city of Cleveland, voted tentatively to write a county charter based on proportional representation and the county manager plan. These two features of the National Municipal League's model plan of county government were voted on separately and approved by large majorities. The decisions are particularly significant in view of the fact that Cleveland for eight years was governed under a P. R.-manager charter, which it abandoned by a close vote in 1931. Recently there have been indications of growing sentiment for a return to this form of government but with such improvements in detail as those in the charters of Cincinnati, Hamilton and now Toledo. This is reflected in the vote of the commission for a small P. R. council elected at large instead of by districts as formerly in Cleveland.

The commission passed twenty-two resolutions presented by William A. Stinchcomb, director of the Metropolitan Park Commission. Those dealing with the use of proportional representation and the manager plan are as follows:[1]

> It is the sense of this commission that a charter for Cuyahoga County be drafted on a plan following in its main essentials that generally known as the "commission manager" or "county manager" form; 9 to 4.
>
> There shall be a county council of nine members; 12 to 1.
>
> All members of the county council shall be elected at large; unanimous.
>
> The regular term of office of each member of the county council, other than the president, shall be four years; 10 to 3.
>
> The first term for one-half of the members of the county council (excluding the president) shall be two years, so that thereafter the terms of one-half of the council shall overlap by two years the terms of the other half;[2] 9 to 4.
>
> The president of the county council shall be a separate office and the presi-

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[1] Cleveland *Plain Dealer,* January 24, 1935.

[2] In connection with P. R. this provision is unfortunate, since P. R. automatically assures the desired continuity of personnel even when all the members are elected at the same time. Cleveland's own experience bears this out. In all it held five P. R. elections from four districts each time, a total of twenty, and in every one of these twenty elections a part of the outgoing membership was re-elected. The proposed overlapping terms would somewhat lower the representative character of the council since a group of five or four cannot represent all shades of opinion as completely as nine.—Editor.

dent of such council shall be elected to that office by the people; 12 to 1.

The term of the president of the county council shall be two years; unanimous.

The ballots for election of the county council and its president shall be separate from those for other offices; unanimous.

All members of the county council including the president shall be elected by a system of proportional voting;[3] 10 to 3.

*

Boston Bills Introduced Again.—Representative Christian Herter, member of the Boston charter commission which reported to last year's Massachusetts legislature, has reintroduced the bills providing for optional use of proportional representation for the Boston city council and school board and optional use of the corresponding Hare system of preferential voting for mayor. The new plans would take effect only if approved by the voters of Boston at a referendum.

Optional use of P. R. for the council was recommended by the majority of the commission last year. The additional proposals were embodied in a minority report.

In this connection we cannot refrain from reviving two old letters to Boston papers, which have always seemed to us too good for burial in ancient files. The first was written by a former secretary of the Good Government Association, now director of research of the Merchants' Association of New York City, in which capacity he is now taking a leading part in the effort to secure P. R. for New York. It was published by the Boston *Herald* in October, 1924, under the heading "We have Always Favored It."

To the Editor of the *Herald:*

"Register and Vote! We don't care for whom, but vote!"

I registered as soon as I was of age. I have voted at every primary and election when I was in the country.

But what's the use?

Civic duty? Oh, yes, it is my duty, since the franchise was conferred on me, to exercise it, no matter what the result.

Voting for sheer love of civic duty, however, is pretty thin porridge upon which to nourish interest in public affairs.

I belong to the minority party in my district for the election of all officials chosen from districts, representatives, senator, Governor's councillor, and congressman. I know when I cast my vote that all of my party's candidates are beaten.

I know, too, that by being a registered voter I am counted in the voting population of my district and so help to increase the number of representatives to which my political opponents are entitled.

Where only one person is to be elected from the whole state, as in the case of a Governor, I realize that there can be no minority representation. In such cases, if I support a loser I have no just grievance.

In election of the representative bodies, however, I resent being "represented" by people with whose political opinions I disagree.

I am sometimes told that in other parts of my city or state people who share my views are elected and, therefore, I am represented.

That was the argument the Tories used against the patriot cry of "no taxation without representation." The upshot was the American revolution.

I am staunchly American. I want no revolution. But I do want my share of representation in our elected bodies. I want it direct, not vicarious.

Winning with the top of the ticket part of the time does not reconcile me to losing in all the representative bodies all the time.

Why can't we have a proportional representation system like most of the civilized world?

How long must I keep on voting for candidates who are beaten before they begin?

I am any Republican voter in a strongly Democratic district.

I am any Democratic voter in a strongly Republican district.

Mr. Editor, out of your wisdom, won't you give me the answer?

George H. McCaffrey

The second was printed in the Boston *Herald* for July 10, 1931:

To the Editor of the *Herald:*

The *Herald's* editorial entitled "College Men and Politics" has meat in it. The *Herald* is right when it says: "The sincere man who has devoted a lifetime to politics should not be condemned but rather should be upheld on that score alone." Neither should he be turned out of office by the shift of a few votes or by the gerrymandering of his district. These last two causes of bringing his services to an untimely end are all too frequently operative under the plurality system of election. In fact they are inherent in the system and cannot be gotten rid of until it is abolished.

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[3] The discussion made it clear that this meant the election of the president as well as the council by the Hare system or single transferable vote. When applied to the election of a group of representatives together this is the form of proportional representation formerly used in Cleveland and the only form used in English-speaking countries. When applied to the election of a single officer it becomes a good form of majority preferential voting—the one now under discussion for mayoralty elections in New York City, which is far superior to the Bucklin (or "Mary Ann") system formerly used for mayoralty elections in Cleveland.—Editor.

It is these factors which make our political life so much of a gamble that our better educated men will take the chances involved in a political career only in rare cases and under exceptional circumstances.

It is the fact that politics under the plurality system of election is such a gamble that has caused so many gamblers to gravitate into politics and produced the odium which today attaches to the "professional politician" as we know him or believe him to be.

The fact that the Hare system of proportional representation gives the statesman who has principles and sticks to them an assured following of votes upon which he can depend to return him to office, is one of the best reasons for its adoption here and now.

Henry E. Bryant

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Federal Elections in Australia.—The recent Australian federal elections, conducted by different majority preferential systems for the two houses, gave lopsided results as usual. In New South Wales, for example, the United Australia party, with first choice and final totals of approximately 465,000, elected eleven members of the House of Representatives, while the State Labor party, with a first choice total of about 520,000 and a final total of nearly 560,000, elected only nine. The Country party, with considerably less than half the vote of the State Labor party, elected seven. Thus does the single-member district plan of electing representatives distort the results even under an enlightened form of preferential voting.

In Tasmania the Labor party elected three representatives out of five on a minority vote, but in the election of three senators by majority preferential voting from the province at large, it elected no one at all.

The Senate results for the whole country were as follows :

Party	First-Choice Votes	Seats
Government	1,744,144	18
Labor	1,356,184	0
Others	187,845	0

Referring to these results, Prime Minister Lyons is quoted by the Sydney *Morning Herald* of October 3, 1934, as saying:

> It happens that on this occasion the voting system has operated to the advantage of the party which I represent, but it is obvious that, having regard to the vote cast by the people, it is scarcely just that the Labor party or parties should obtain no representation. There can be no excuse or justification for allowing such a voting system to remain if it is possible to devise a better system.

Mr. Lyons recently told a deputation that he was personally sympathetic to the idea of proportional representation. His own province, Tasmania, has used it in its best form for the provincial legislative assembly continuously since 1907 and New South Wales, after an earlier experience with it for the lower house of its legislature, has recently adopted it for the indirect elections of its upper house.

There is now an active and organized demand, particularly in South Australia and New South Wales, for the extension of P. R. to federal as well as all other Australian elections and the federal government has appointed a parliamentary committee to study the question.

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The Saar Drops from the List.—One of the incidental results of the recent Saar plebiscite was the discontinuance of P. R. in that territory. Under the League of Nations elections in the Saar Valley have been regularly carried out under a list system of proportional representation. Though this plan was formerly in use throughout Germany also, the principle of fair representation of minorities is of course anathema to President Hitler and his followers and its denial in future in the Saar as elsewhere in Germany may be taken for granted.

GOVERNMENTAL RESEARCH ASSOCIATION NOTES

Edited by Robert M. Paige

Kentucky Tax Reduction Association.—The Association has recently presented its annual report showing accomplishments during the past twelve months. The Association drafted and had introduced into the 1934 legislature nine measures dealing with county and local government. Five of these measures were enacted into law and afford the means of saving the taxpayers of Kentucky an estimated $5,000,000 a year. One of these five bills provided for the abolition of the office of county jailer and the transference of the jailers' functions to the county sheriffs. Studies of the Association showed that the offices of jailer were among the most lucrative offices in the state. More than $600,000 should be saved by this consolidation.

Another bill provided for the establishment of a county budget law. After its enactment the staff of the Association worked with the state inspector and examiner in the preparation of the budget forms to be prescribed for use by the fiscal courts of the counties.

Other bills abolished the office of "trustee of the jury fund", a minor position formerly found in each county which nevertheless cost about $24,000 a year; established a uniform fiscal year which will eliminate the necessity for borrowing in anticipation of tax collections and should save $153,000 in interest charges; and set up a system of state audit and inspection of the county fee offices which should reveal and prevent the illegal retention of fees in excess of $5,000 a year, the maximum permitted under the state constitution.

An extensive program of tax research has been carried on by the Association with the coöperation of FERA. Financial and other data relating to county government has been collected and compiled in a uniform way for more than twenty-five counties.

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Minnesota Institute of Governmental Research.—This new organization was formed about six months ago to serve as an agency to study governmental problems of Minnesota and to serve in an advisory capacity to legislators, state officials, and citizens interested in solving these problems. The Institute is a "citizen-supported, non-partisan, non-political, research and fact-finding civic organization". It is staffed to assist officials in the installation of accounting, budgeting, purchasing, and other systems essential to the achievement of efficient and economical public administration.

The chairman of the governing council is Charles Leslie Ames. Other members of the council whose names are well known to members of the Governmental Research Association are Carl P. Herbert, director of the St. Paul Bureau of Municipal Research and Herbert J. Miller, president of the Minneapolis Civic and Commerce Association.

The advisory committee of the Institute is composed of three members of the faculty of the University of Minnesota, William Anderson, Roy G. Blakey, and Richard E. Scammon.

The executive director is Harold Henderson, formerly director of the Milwaukee research bureau. Members of his staff include Walter Mayo, formerly of the St. Paul bureau, and Leslie Gravlin, formerly of the Providence bureau.

The first report issued by the Institute is entitled "Feasibility of Blanket Tax Limitation Laws as a Means of Reducing the Tax Burden on General Property in Minnesota—Arguments For and Against". The second report deals with gross receipt and sales taxes. A third report will contain an analysis of all available statistics relating to the yields which might be expected from various types of taxes—gross receipts, sales, net income, luxury, etc.

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Lake County (Ind.) Taxpayers' Association.—The following is a brief summary of the work of this organization during 1934:

(1) A detailed investigation was made of the finances of the Lake County government and its budget proposals for the year 1935. The Association's report on the proposed budget was undoubtedly the determining factor in influencing the county council to make recommended retrenchments permitting a 2½ per cent reduction in the tax levy despite large current and anticipated future tax delinquencies.

(2) The Association's staff made investigations of budgets and tax levies affecting cities of Gary, Hammond, East Chicago, and Whiting, Indiana. The results of these investigations together with accompanying recommendations were incorporated in written reports which were presented to and discussed in detail with local officials.

(3) Reports supplemented by verbal discussions relative to the budgets and tax levies of local governmental units in Lake County were presented to the County Board of Tax Adjustment.

(4) Monthly bulletins were issued on subjects pertaining to the business of local government. All of these bulletins were published practically in full by the two local newspapers and in several instances were made the subject of favorable editorial comment.

For the year 1935, the Lake County Taxpayers' Association again plans to issue a series of bulletins relating to municipal affairs and to supplement this publicity by educational talks before local civic organizations and luncheon clubs.

If sufficient finances can be obtained, much more thorough investigations of the proposed budgets of local units are planned and a determined effort will be made to enlist the support of chambers of commerce and other organizations for the Association's recommendations.

Measures presented to the biennial session of the Indiana Assembly will be scrutinized carefully in order to inform local taxpayers regarding those bills which, if enacted into law, might be the cause of additional taxes. The Association, while in no sense of the word a legislative lobbying organization, is hopeful that sufficient public sentiment can be built up to secure laws providing for nonpartisan municipal elections, better budget and accounting methods for local governmental units, and for the correction of present evils in the administration of local poor relief.

M. W. Madden, Research Director

*

Citizens' League on Government and Taxation of Santa Clara County (San Jose, Calif.).—This organization was formed by a group of public-spirited men in November 1932. Committees were formed to investigate and report on the various county activities. Local units were formed in the centers of population over the county. With Guy R. Kinsley as manager, it was decided to put a home rule charter to the vote of the citizens. In February 1933 this charter was presented to the voters but was defeated by the difference between 14,000 and 19,000 votes.

The activities of the Citizens' League lapsed for a period, but in June 1934 a complete reorganization took place. Under the directorship of Benjamin A. Harris, the Citizens' League is now functioning as a Bureau of Governmental Research and contemplates a survey of all departments of county government, as a basis for future activities.

Bureau of Public Administration, University of Virginia.— During the past twelve months the Bureau has completed two research monographs dealing with municipal electric plants in Virginia and the regulation of public utilities in Virginia. These volumes will be published by the Institute for Research in the Social Sciences as numbers two and three of the Studies in Public Administration of which "The Retirement of Public Employees in Virginia," by the director of the Bureau, was number one. The volume on municipal electric plants is a study of the legal background of public ownership, the history of municipal electric plants in Virginia, rate structure and rate policy, financial policy, and management. The general conclusion is that municipal ownership in Virginia has been a technical and financial success, but that the desire for large profits (which, incidentally, is realized in every Virginia plant) has prevented the development of socially desirable electricity policies. The volume on utility regulation is concerned with the constitutional and statutory history and basis of public utility regulation in Virginia, the administrative workings of the State Corporation Commission, the Commission and the courts, the finances, personnel, and economic philosophy of the Commission. The general conclusion is that by grounding the Commission in the constitution, conferring on it extremely broad powers, giving it a distinct niche in the state judicial organization, and starving it financially, Virginia has secured public utility regulation which is more judicious than aggressive. The defects are organic; the Commission is doing what it does with accuracy and dispatch, but it cannot, within the present framework, consistently pursue an aggressive policy.

In addition, the Bureau has completed a confidential administrative survey of one of the larger Virginia cities, and is at present engaged in the installation of records systems in two cities.

R. A. Egger, Director

LEAGUE'S BUSINESS

(Continued from Page 82)

and the success thereof. From comments here, it made quite an impression on the community and one might say it made a great many people governmentally conscious and directed their thoughts along new lines."

Orin F. Nolting, Assistant Director, The International City Managers' Association: "I attended the sessions on housing, police, and metropolitan government, and the informal discussions were about the best I ever heard in any conference session. . . I think you had a fine conference and a good program."

Henry Hart, Vice-President, First of Michigan Corporation: "I want to assure you that I came away feeling very much rewarded. I was very much impressed with the constructive work that you and the League have been doing."

Dr. George Woodward, Pennsylvania State Senator: "I congratulate you heartily upon the interest and enthusiasm of the fortieth anniversary meeting."

P. R. Williams, Chief Assessor, City of Pittsburgh: "I was very glad indeed to have the privilege of participating in the conference and congratulate you on arranging such a splendid program."

Alonzo G. Grace, Assistant Professor of Education, University of Rochester: "May I state that it was a decided privilege for me to attend the meeting in Pittsburgh. It was one of the most successful meetings of any organization that I have ever been associated with."

Harry A. Freiberg, Treasurer, Hamilton County, Ohio: "I want to tell you how much I enjoyed the conference in Pittsburgh. I feel that my trip there was well repaid. I was greatly interested in all that went on there, and furthermore, I was surprised at the remarkable attendance."

HOWARD P. JONES, *Secretary*

DOUGLAS COUNTY

(Continued from Page 107)

ernment. It means better government for less money.

The present cost of government is too great for our income. Relief is not going to come through reduction of services. We are educated to expect much of government. Relief will not come to any great extent and should not come through reduction of salaries of individuals performing necessary duties. A horizontal slashing of expenditures on a percentage basis is inadvisable and not based upon study and reason. Is it not true that we can best proceed through the simplification and modernization of the governmental structures of our political subdivisions? The time is here for deflation in local government—deflation upon an intelligent basis. Our study leads us to the conclusion that modernization of county government, for example, will result in a saving of 15 per cent to 25 per cent with no curtailment in essential services—in fact a better government. This is the end we seek and expect to see in Douglas County, Nebraska.

Apology.— In his article on "Electric Utilities in the Depression" in the November, 1934, issue of the REVIEW, Dr. John H. Gray inadvertently stated that the maximum residential rate in Cleveland had been reduced to 4c, but that the Cleveland Electric Illuminating Company was still charging 5c in territory outside of the city of Cleveland. Mr. Frank J. Ryan of that company has called our attention to this error, stating that a uniform rate schedule prevails throughout the entire territory served by the company, and that the maximum residential rate is 4c per kwh. throughout. We regret the error which has been duly acknowledged by Dr. Gray.

RECENT BOOKS REVIEWED

EDITED BY EDNA TRULL

The Gasoline Tax in the United States, 1934. By Finla G. Crawford. Chicago. Public Administration Service, 1935. 46 pp. Fifty Cents.

The three previous editions of Professor Crawford's monograph on the gasoline tax have established themselves as the major source of compiled information on the subject. The past two years have witnessed numerous changes and this fourth edition, with data brought up through part of 1934, is welcome. The author has followed the same plan as in the 1932 edition, treating the growth of this tax, its constitutionality, administration, exemptions and refunds, distribution of revenues, diversion from highway purposes, evasion, and the relation of cities to the tax.

Of particular interest to the administrator are the descriptions of the methods used by some of the more vigilant states to effect the complete enforcement of the tax laws. To the layman, the chapter on evasion, with its story of blending, smuggling, substitution, and the efforts being made to combat them, will be absorbing.

Students of public finance find the history and development of the tax a valuable background for their consideration of its distribution, with the related aspect of "diversion" as the non-highway use of gasoline tax revenue has come to be called. The table showing increase in such diversion is particularly telling, but the accompanying text throws but little light on how the figures grew from thirteen million dollars in 1930 to fifty-three million in 1933, or the somewhat higher figure for 1934. New Jersey, for instance, is reported to have spent $90,000 of gasoline tax money since 1927 for inland water ways, and in 1932 to have rejected the diversion for relief purposes. In 1933, however, the state authorized the issue of unemployment relief bonds to be serviced from gasoline tax revenues, while other bond issues, not including highways, utilize this source of revenue to the extent of several million dollars a year. (New Jersey also makes an annual appropriation to counties and other local governments, $8,100,000 in 1934, not all of which must be spent directly for highways.) Illinois, too, is servicing unemployment relief bonds from gasoline tax funds previously utilized for highway purposes. One of the most flagrant cases of diversion not noted is the use of forty per cent of the total gasoline tax collections for the retirement of general fund deficit notes in Oklahoma—a practice which the new governor hopes to have discontinued.

Having doubtless gone to press some months ago, the publication failed to comment on the gasoline tax in the November 1934 elections. This is unfortunate, for it was significant that the three states which had an opportunity to vote on setting a maximum on the gasoline tax voted against the limit. It is also significant that one state voted into its constitution a prohibition against further diversion of gasoline tax revenues from highway uses, while the other two rejected similar amendments.

E. T.

*

American State Government. By John Mabry Mathews. New York, D. Appleton-Century Company, 1934. 759 pp. $3.75.

This volume is a revised edition of Professor Mathews' "American State Government," published in 1924 and widely used as one of the standard textbooks in the field.

This edition, as the earlier one, in its directness, clarity, and readability serves as an excellent introduction to the student of state government. It is unfortunate that the basic material in the volume was not thoroughly revised and factual content brought up to date, but it is a splendid commentary on the earlier edition that the facts presented and indications of trends are still valid. Perhaps the principal result of this insufficient revision lies in the emphasis placed on the component parts of a chapter. For instance, the section on state taxes is almost entirely devoted to ad valorem taxes, with mere mention of income, inheritance, and corporation taxes—perhaps justifiable a decade ago. By 1934, however, the gasoline tax had entirely changed state economy by supplying the forty-eight states with a tremendous amount of revenue not known in 1924, and a number of states had abandoned, or almost abandoned the general property tax as a source of state revenue. Similarly, in the same chapter, the reader is left with the idea that although state debts are increasing, the total outstanding debt in all, as compared with assessed valuation, is small. Actually, one state has recently been in default, another avoided this only with the help of the RFC, and several others have debts which have a relatively high relation to their assessed valuation. Highways are scarcely mentioned.

Fortunately, the somewhat serious lack of complete revision is in part offset by a few new chapters. Particularly interesting is a brief but excellent chapter showing the effects of the depression in the states—with their financial crises, search for new revenues, relief projects, liquor regulation, social legislation, etc. Other new chapters emphasize the relations between the states and the federal government. The appendix also contains pertinent recent material, notably brief comments on some of the state administrative reorganizations and the text of and arguments for the Nebraska single-chamber legislature.

*

New Federal Organizations, An Outline of their Structure and Functions. By Laurence F. Schmeckebier. Washington, D. C., Brookings Institution, 1934. 199 pp. $1.50.

The Brookings Institution continues its series of studies in administration with this volume describing the numerous governmental agencies created to deal with the problems of the depression and administer the policies of the Administration. It deals with forty-six major organizations created or enlarged in scope during the sixteen months ending in June 1934—those administrations, boards, bureaus, commissions, and other agencies usually referred to as the alphabetical groups. Most of these agencies are engaged in work new to the federal government and are concerned with recently formulated policies; some result from the normal growth of government activities. Mr. Schmeckebier's study gives the scope of each unit, the reasons for its creation, the location of field offices, and a brief statistical measure of its activities.

*

A Survey of the Government of Pennsylvania. Report of the Joint Legislative Committee on Finances. Harrisburg, Commonwealth of Pennsylvania, 1934. 687 pp.

In its attempt to determine how state expenditures might best be reduced, the legislature of Pennsylvania provided a committee to study the situation and report its recommendations. The committee undertook a comprehensive survey of the government and administration of the state—which not only offered a basis for its own recommendations on financial policy, but will continue to serve as an indispensable handbook on Pennsylvania government. The heads of all the various departments described their work, their expenditures, and possible sources of revenue. This testimony was transcribed, edited, in some cases tabulated and diagrammed, and analyzed—for the use of the legislature and as a permanent record of the operations of the Commonwealth. A detailed table of contents and a usable index enhance the value of the volume, while the recommendations in each chapter give a key to the past—and future—of the numerous branches of state activity.

The content of the volume was earlier published in mimeographed form. The availability of this excellent document in its new, much more convenient, form is indeed gratifying to the many who will use it.

Administrocracy: The Recovery Laws and Their Enforcement. By Guy S. Claire. New York, The Macmillan Company, 1934. 118 pp. Fifty cents.

Much attention has been concentrated on the fact that the New Deal legislation has been in fairly general terms, leaving administration almost entirely in the hands of the executive. As a means of providing the flexibility and efficiency necessary to the emergency, it has, of course, been invaluable. It has also caused the situation which has given the author his descriptive title. The volume itself, however, is primarily concerned with a brief description of the various administrative agencies established by the federal government during the past two years. It is by reading between the lines, as Professor James T. Young says in his *Foreword,* that one is impressed with the need of working out a method to assure efficiency, free from politics, and to protect individual rights against administrative abuses. In other words, the advantages of elasticity and speed will be lost unless administrative personnel can be maintained safe from the weaknesses of bureaucracy.

*

Outline of the New Deal Legislation of 1933-1934. By Howard S. Piquet. New York, McGraw-Hill Book Company, Inc., 1934. 154 pp. $1.00.

This is a valuable document grouping the New Deal legislation under eleven major fields and outlining it in most usable form. An introductory chapter summarizes the situation. The excellent index gives added value to the publication.

*

A Bibliography of Civil Service and Personnel Administration. By Sarah Greer. New York, McGraw-Hill Pub. Co., 1935. 143 pp. $2.00.

This excellent bibliography, just published as Monograph I of the publications of the Commission of Inquiry on Public Service Personnel, follows closely on the heels of the report of that commission which is discussed editorially in this issue of the National Municipal Review. The bibliography contains a carefully selected list of the more important English and foreign volumes and reports dealings with the problems of personnel and was originally prepared by the author, who is librarian of the Institute of Public Administration, to assist the commission in its work.

In this volume have been assembled for the first time all available references on the application of the principles of scientific management to public personnel administration. This bibliography will take rank alongside the other valuable contributions of the author to the field of public administration, namely, "A Bibliography of Public Administration" (1926) and "A Bibliography of Public Administration," Part I: General Literature" (1933).

Howard P. Jones

*

Cluttering Up State Constitutions. By Mabel L. Walker. New York, Tax Policy League, 1934. 6 pp. mimeo. Twenty-five cents.

Probably one of the most serious handicaps to the adoption of modern scientific tax systems has been the uniformity clause in state constitutions. Within the past few years many states have adopted constitutional provisions on other phases of taxation, detailed and also obstructive, in a sense, to broad, general tax reform. This bulletin discusses both types of legislative restriction. It includes tables on uniformity provisions and recent tax limits and homestead exemptions.

*

American Civic Annual. Edited by Harlean James. Washington, D. C., American Civic Association, 1934. 278 pp. $3.00.

The past year's edition of the Civic Annual is offered as "a condensed text on present-day planning"—a record of recent civic advance. It contains eighty brief articles dealing with land planning, parks, landscaping, housing, highways, city planning, etc. Great emphasis is placed on the federal operations which have dominated planning activities during the past year. As usual the volume is well illustrated and thoroughly interesting.

NATIONAL MUNICIPAL REVIEW

MARCH · 1935

Is the Town Meeting Democratic?

KENDALL BANNING

Property Taxes The Doom of the County

KIRK H. PORTER

Measuring the Efficiency of County Government

ROLAND R. RENNE

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THE LEAGUE'S BUSINESS

Baldwin Prize Essay Contest for 1935.—The League has just announced the following subjects for the 1935 Baldwin prize essay contest:

1. The Problem of Tax Delinquency in (any given) State
2. The Effect of Tax Limitation Laws upon Local Government
3. The Reorganization of County Government in (any given) State
4. Optional vs. Mandatory Legislation as a Means of Improving Local Government
5. The Problem of Overlapping Governments in (any given state or metropolitan area)
6. The Operation of the City Manager Plan in Small Cities
7. The Operation of the Manager Plan in (any given city or county)
8. The Operation of Centralized Purchasing in (any given city, county or state government)
9. The Appointment of City Managers for a Definite Term (Most managers serve at the pleasure of the city council—would a definite term be more desirable?)
10. The Effect of the Depression on Local Government
11. Non-partisan Elections in American Local Government
12. Precedents for Single-House Legislatures (as recently adopted in Nebraska)
13. Present Status of the Town Meeting as an American Institution
14. The Record of the City Manager Plan During the Depression
15. The Effect of the Short Ballot Movement Upon the Operation of Democracy in America

* * *

Radio Broadcasts.—Are you listening in on the YOU AND YOUR GOVERNMENT broadcasts? Series Ten on "The 44 State Legislatures of 1935" is now on the air each Tuesday evening, from 7:45 until 8 o'clock, eastern standard time. Subjects and speakers for the next five weeks are listed below:

MARCH 12—"Financing Emergency Relief," Arch Mandel, Field Representative, F. E. R. A.; Frederick I. Daniels, Executive Director, New York State T. E. R. A.

MARCH 19—"Liquor Laws and Enforcement," Hon. Edward P. Mulrooney, Chairman, New York State Alcoholic Beverage Control Commission.

MARCH 26—"The Public's Responsibility for Legislation." President Harold W. Dodds, Princeton University.

APRIL 2—"Interstate Coöperation in Combating Crime." Raymond Moley, Editor, *Today.*

APRIL 9—"Solving Local Tax Problems." Governor Harold G. Hoffman, New Jersey.

APRIL 16—"Tax Limitations." Professor Simeon E. Leland, University of Chicago.

* * *

Responsibility for Views Expressed by Radio Speakers.—The Review gladly publishes the following letter from Paul V. Betters, executive director of the United States Conference of Mayors, taking issue with the speech of William Hard delivered in the last radio series on January 22:

My dear Editor:

I have just had an opportunity to read portions of a YOU AND YOUR GOVERNMENT broadcast (speaker William Hard) as printed in the current issue of the *Bond Buyer.* While I presume that the National Municipal League, the sponsor of these broadcasts, does not in any way censor those who appear on the weekly radio series, it does seem that those who do speak under the auspices of the League ought to encourage, rather than belittle, sincere efforts on the part of city officials to find solutions for many of the critical problems facing municipalities.

Mr. Hard has a right to his own opinions when he calls mayors "crazy" in their proposal to eliminate the matter of interest on certain types of municipal debt. City officials are used to being called "crazy", especially by those who themselves have never had the courage to stand for public office. Florida city officials, and the writer of this letter (acting on behalf of the Florida League of Municipalities) were called "crazy" when we induced Senator Fletcher early in February, 1933, to introduce a bill (a municipal debt readjustment bill) which later was passed by the Congress and signed by the President and now is the law of the land. The members of the Executive Committee of the United States Conference of Mayors were called "crazy" by a number of people, including welfare experts, when last September at Hyde Park they proposed a new relief program to President

Roosevelt based upon the division of relief persons and responsibilities between two groups—the employable group and the unemployable group. After the official announcement of Mr. Hopkins, Federal Emergency Relief Administrator, last December on this subject, and the message of the President to the Congress of the United States, this committee is, of course, happy to welcome into its "crazy" ranks these two eminent public officials. And now, when a responsible group of city leaders endeavors to work out a plan which will free American cities from the shackles of the money-lenders, who feed at the trough of the urban taxpayers of the nation, its efforts are belittled by a speaker on the National Municipal League program, which organization ought to encourage rather than retard efforts toward this goal.

Calling this proposal "crazy" is calling such municipal leaders as Daniel W. Hoan, Mayor of Milwaukee for nineteen years, and C. A. Dykstra, City Manager of Cincinnati, as well as Professor A. A. Berle, Senator Elmer Thomas, Frederick C. Howe, and others "crazy". And that is something that the League, if I understand its objectives, would not be likely to do.

I suggest, therefore, that in the next issue of the Review, this point may be adequately covered, and that the League disclaim any responsibility for what any individual says on any League-sponsored broadcast. And I make the further plea and express the hope that those who address the radio public on the League program may be selected with a view to more intelligent and sympathetic consideration of urban problems.

Respectfully yours,

Paul V. Betters, Executive Director
United States Conference of Mayors

February 7, 1935

The League has taken no action on the program of the United States Conference of Mayors which is outlined in an article in this issue by Professor A. A. Berle. It is, of course, needless to say that the League takes no responsibility for the opinions expressed by its speakers. One of the purposes of a radio forum is to stimulate discussion on current questions of significance in government. The program on which Mr. Hard spoke was arranged last August, months before the United States Conference of Mayors adopted their program for obtaining loans from the federal government for one-eighth of one per cent. Under normal circumstances it would have been our policy to give the proponents of a plan their day in court before letting loose the critics. That seems only fair. In this instance, there was no knowledge of the mayors' program at the time the broadcast was arranged and Mr. Hard, of course, had free rein to talk about what he chose within the limits of his subject. In fairness to Mr. Hard, it should be said that his language was much more restrained than might be assumed from Mr. Betters' letter. His precise language, after presenting his argument, was as follows:

"But are they smart? Or are they crazy? I'll give you my guess some other time. Tonight I'm just running a night school or an intelligence test. What do you think?"

Howard P. Jones, *Secretary*

J. Catron Jones

J. Catron Jones, member of the council of the National Municipal League from 1931 to 1934, died in the closing days of December in Washington, D. C., where he was engaged in special research for the federal government. Founder of the Kentucky Municipal League in 1929 and its secretary until December, 1932, Dr. Jones was an outstanding leader in fostering coöperation between municipal officials in his native state.

He had been associated with the faculty at the University of Kentucky since 1920, and the head of its department of political science since 1926. He was the author of numerous works on citizenship and elections, and a frequent contributor to many journals in the field of public affairs, including the National Municipal Review. His death removes an active, capable, and sincere champion of improved governmental methods whose loss will be sorely felt not only in his home state but throughout the rest of the country as well.

Editorial
Comment
◆
March

NATIONAL
MUNICIPAL REVIEW

Vol. XXIV, No. 3 Total No. 225

More Pioneering in County Government

New trails are being hewed continually these days through the wilderness of county government. In New York State, the Commission for the Revision of the Tax Laws, of which Senator Seabury C. Mastick is chairman, comes out this month with a vigorous program for the reorganization of local government. In Ohio, the Governor's Commission on County Government has just published its report containing far reaching conclusions regarding fundamental reorganization of county government in that state. Both reports seem likely to be translated into legislative action. Other states in which definite progress in the field of county government may be observed include Alabama, Michigan, Iowa, Oklahoma, Washington, Colorado, Missouri, California, Wisconsin, Maine, and Kansas.

The problem faced by citizens fighting for improvement in county government is well illustrated by New York State. The first great obstacle is the long list of constitutional officers. Civic organizations, state commissions, and governors of the state for years have been advocating a constitutional amendment to do away with these. But a constitutional amendment must pass the legislature twice and then be submitted to popular referendum. This is difficult to obtain. Delegations to the legislature are influenced if not controlled by the local political machines. To add to New York State's troubles, courts have repeatedly held that the home rule provision of the constitution prevented the legislature from transferring functions from one unit of local government to another. Consequently, there has been no way of shifting functions from the towns into which the counties of New York are subdivided into the counties or to other units.

This has meant, in brief, that counties in New York State could not adopt the manager plan, and that they further could not exercise such functions as are in most states considered normal functions of counties, to wit, assessment and tax collection, public health, and public welfare.

At last, however, a remedy is in sight. The legislature, acting under terrific public pressure, has twice passed a resolution for a constitutional amendment which will give the legislature power to submit optional forms of county government and to transfer functions, subject only to the check of a local referendum in each instance.

The amendment goes to the voters in November of this year and should be approved.

There is one interesting difference between the Ohio program and the New York program for the cure of county ills. In Ohio the plan is to give counties the right to draft their own charters as well as giving them a choice of optional forms of county government set forth in state statutes. In New York the right to draft charters will not be given counties under the new amendment on the theory that to do so would eliminate opportunity for desirable uniformity in county government. Despite this weakness, however, the New York amendment holds out greater promise than has ever been within the reach of those interested in fundamental reorganization of local government in the Empire State.

H. P. J.

Who's Who in This Issue of the Review

A. A. Berle, Jr., City Chamberlain of New York City since the advent of the Fusion Administration, lectured on finance at Harvard, taught corporation law at Columbia, was a member of the first Roosevelt "Brains Trust". He has served with distinction on numerous domestic and foreign commissions, and is the author of many books and recent articles on corporate finance.

Rebecca B. Rankin, librarian of the New York Municipal Reference Library since 1920, was previously assistant to the director of the New York Public Library. She is editor of *Municipal Reference Library Notes* and the author of numerous contemporary articles dealing with library work.

Kirk H. Porter, professor of political science at the University of Iowa, is actively interested in county government in his own state. He is the author of "County and Township Government in the United States", and a frequent contributor to these pages.

Roland R. Renne, agricultural economist at Montana State College, has just concluded a three-year survey of county efficiency in the state. The study will form the basis of a proposed program of county reconstruction in Montana.

Hubert R. Gallagher, Research Consultant to the American Legislators' Association, is the annonymous investigator behind many contemporary reports, and the author of numerous current articles. His research experience includes service on the staffs of the Wickersham Commission and the Hoover Commission on Social Trends.

Kendall Banning, editor and author, formerly with *System* and editorial director of *Public Utilities Fortnightly,* has managed numerous popular magazines and contributed articles on public matters. He has been identified also with the War Department's activities in mobilizing industry for major emergencies.

W. S. S.

HEADLINES

Fifty-one different bills affecting taxes are up before the Illinois legislature, according to a bulletin of the Civic Federation and Bureau of Public Efficiency, Chicago. Before they are through, Illinois statesmen will know all there is to know about taxes, except how to make people like 'em.

* * *

And then comes Dr. Paul Haensel of Northwestern University with a one-sentence property-tax program to end all property-tax programs: "All procedure applied at the present time to the property tax should be discontinued and proclaimed to be utterly out of date."

* * *

Insufficient taxes are being blamed on everything from politics to technocracy, but it takes the editor of *Public Works* (February 1935) to discover the relation of short taxes to bad weather. Gasoline taxes help grease the cogs of state. Motorists pay gasoline taxes. When the roads are snowbound they stay at home. No traffic, no tax; no tax, hard times for the state. Moral: you save money by spending it on snow removal.

* * *

Braintree, Mass., Raleigh, N. C., Trention, N. J., and Lincoln Park, Mich., all vote this month on the adoption of the city manager plan.

* * *

New York City's Charter Revision Commission is considering inclusion in the proposed new city structure a "department of buildings," to do the work of thirteen separately maintained units now scattered over the city.

* * *

Tampa considers municipal manufacture of lime and alum instead of buying these commodities for its water system; Milwaukee contemplates a municipal 'phone system; Flint, Mich., proposes a municipal slaughter-house; Rochester is agitating for municipal street railways; Minneapolis wants a municipal produce market; Barnstable, Mass., has a municipal clammery, to which it plans to add a public quahaugery: all combining into a national picture that should give cold chills to opponents of government in business.

* * *

Dallas, Texas, officially rates its city employees for efficiency at stated times during the year. Much more constructive than the orthodox American system, by which the opposition newspapers rate them for inefficiency the whole year round.

* * *

With its admirable handling of the tax delinquency spectre, as well as by some notable advances in charter revision, civic news from Providence has come to be studied eagerly by forward-thinking students of municipal government. It is somewhat disconcerting, therefore, to note the Mayor's recommendation for a change in the proposed new charter which will make the city treasurer, harbor master, and director of public aid subject to popular election instead of to appointment. This in the face of the accepted modern theory that the people should elect the officials responsible for a public policy, and let them appoint the executives on whom they must rely to carry these policies out. This looks too much as though the political patriots there were adopting the good old war-time custom of advancing backward to previously prepared positions.

* * *

Honolulu prepares to take disciplinary measures against garbage collectors who go about smashing boxes, banging tinware, and conversing at long distance during the night hours. City dwellers in the states watch the experiment with bated breath. If it works, all a lot of us will need is a job, a salary, and a vacation to go down to Honolulu and get a decent night's rest.

* * *

Mr. M. H. Chubb of Malmsbury, England, reaches simultaneously his 80th birthday and his 50th year in the public employment as town clerk. His community acknowledges these attainments with special services in the ancient Abbey Church, a mayoralty reception at which the "freedom of the borough" is tendered in a congratulatory address, a commemorative scroll in a solid silver casket bearing Mr. Chubb's initials with the insignia of the borough, and a huge birthday cake.

This sort of thing would never do with us. We put our public enemies in silver caskets and give them a church service occasionally, after a brief and lurid freedom of the city; but a public official who had the temerity to give faithful service for half a century would be so good that the citizens would never hear of him.

* * *

Based on examination of working conditions in the police forces of eleven states, Ernst Puttkammer of the University of Chicago Law School and Donald C. Stone of Public Administration Service have prepared a model state police bill for the use of legislatures and officials interested in the subject.

* * *

Indianapolis on April 1st will institute a novel street lighting economy. Instead of regulating the amount of light by rule of thumbs and a calendar, a photo-electric "eye" will turn the lights off and on according to the degree of visibility at any hour all the year around.

* * *

Pennsylvania legislators take literally to the blessing of economy. A chaplain at $7.00 per day was one of the immemorial ornaments of the Keystone capitol throughout the immemorial Republican reign. The new Democratic caucus has discovered two clergymen in its own ranks, and has allotted them to do the praying in relays, on legislative time and salaries strictly. Maybe they can get Bibles from the Gideons.

* * *

Nottingham, England, plans a great pageant of ten episodes to be given next June, commemorating the last two thousand years of the city's history. This gives rise to startling thoughts on the comparative youth of American cities. Imagine a pageant depicting in ten episodes Chicago's history for two thousand years. Chronologically developed, the first nine episodes would have to devote themselves to the activities of swamp rats, wild ducks, and prairie wolves, with a sprinkling of Indians and French voyagers appearing in the last half of the ninth.

E. M. B.

Property Taxes—The Doom of the County

State centralization and the submergence of the county threatened by the fact that counties must lean on real property taxes as their sole support

KIRK H. PORTER

State University of Iowa

A GREAT deal is being written today about local government, and it seems odd that rarely is it said in plain language that *adherence to the general property tax will spell the doom of local self-government.* My purpose is not to contribute a new idea but to state the proposition clearly and to show why I think it is true.

One of the basic implications of local self-government has been that each local area—county, township, or school district—should finance the governmental services that are local in character through property taxes that are imposed and collected within the area itself. The point can be illustrated well enough if we confine ourselves to counties. If, for instance, the construction and maintenance of highways, the administration of justice, of poor relief, and elementary education, are to be looked upon as "local" functions, each county must be authorized to levy taxes in order to carry on these services. And naturally the assumption has been that counties should stay within their means. We hear much of this. It is sound business to stay within your means! And to make sure that counties will stay within their means legislatures have fixed limits beyond which counties may not tax, or borrow. These limitations are usually based upon population, or assessed values, and have been "uniform" in the sense that all counties, within certain broad classifications, may levy the same rates and must respect the same debt limits. This rule of uniformity has probably been wise for the evils of special legislation are very well known.

A further assumption apparently has been that each county will have taxable property in some rough proportion to its governmental needs. But this assumption never has been true; and it is becoming less and less true as years go on. Indeed it is not true that counties have needs even roughly in proportion either to the value of their taxable property, or to their population, or to their area! Thus, two counties of nearly the same size, population, and property value, may have highway needs that vary in the matter of cost as much as from one to ten. Obviously highway costs depend upon such things as the character of the soil upon which highways must be constructed, the rock formations to be encountered, the grading that has to be done, the bridges that must be built, the streams that must be circumvented, and the availability of materials. To allow two counties of equal population, area, and value, substantially equal sums of money for highway construction, when they differ very widely with respect to the factors named above, is not to treat them "equally" in any proper sense. To insist that both counties stay within their "means" is to condemn one of them to an exceedingly inadequate highway program. Furthermore, highway costs are very likely to be highest in counties that have the lowest property values. In other words, frequently the poorest county needs to spend far more than the richest county in order to secure a comparable system of highways. Hence, if a substantially uniform highway system were to be developed throughout a state, and were to be financed through local property taxes, some counties would inevitably face bankruptcy. This situation has appeared again and again, and has been partially remedied through systems of state aid, of direct state financing, or reliance upon gasoline and automobile taxes. These steps have meant that counties have come to have less and less control over highways, for if the state pays for highways, the state is going to exercise control.

The same tendency is observable with respect to poor relief. Counties do not have needs in this connection in proportion either to area, population, or taxable wealth. Again it is likely to be the poorest county—in terms of taxable property—that has the greatest need. In only slightly less degree is this situation apparent in the realm of education. Educational needs bear no relation whatever to property values. The result has been an ever increasing measure of state control. And so it is with most of the other local government services, though the costs are so much less that the inequality in resources is not so apparent. The case could be made out as regards such functions even as recording deeds, maintenance of courts, etc.

The truth is, adherence to the general property tax is driving us inexorably to state centralization and the submergence of the county. The reason why we have got along as well as we have in the past is that costs have been low enough so that most counties somehow were able to get by with the old familiar services. But now that costs are steadily mounting, that new services are being undertaken, such as widows' pensions, old age relief, etc., the inherent weakness of the time-worn system is developing into an intolerable evil. The system never was sound; it is becoming unworkable. To adhere to it will be to destroy the last vestige of independence in county government.

County consolidation is a makeshift remedy. Of course, the larger the areas, the less apparent is the evil; but it is there just the same. The county manager scheme obviously is no remedy at all. In spite of these reforms counties are definitely on the toboggan unless we break away from the general property tax.

IS STATE AID THE SOLUTION?

How can this be done and still preserve the integrity of local self-government for counties? I do not know that it can be done. Systematic state aid is perhaps one remedy. It has made most headway in the field of rural education. But it would seem inevitable that state aid is destined to be accompanied with a growing measure of state control—and that means centralization.

Furthermore, if state aid is to be the salvation of counties, the aid must be afforded in proportion to need for *each service.* There is no relation whatever between the county budget needs for highways and the needs for poor relief. Thus to grant state aid in proportion to population, or to assessed values, or to area, or to any other easy objective measure, is to perpetuate the old blunder. And, what is more, the same old blunder is perpetuated if aid is granted in proportion to the amount spent by the county itself for each particular service —the old dollar-for-dollar idea of aid. These simple, objective measures are wholly unsound. If the evil is really to be remedied through a program of state aid the actual needs of each county with respect to each service, i.e. highways, poor relief, education, etc., must be carefully determined, and aid granted according to need.

Such a proposal is enough to make any realistic statesman shrink back in dismay. He can immediately see the door opened to all kinds of chicanery, favoritism, log-rolling, and spoils politics. To administer state aid on the basis of such a formula would require omniscience and dictatorial power. Harry Hopkins does it for the United States in the matter of relief. For the present he has the power if not the omniscience. Theoretically, the system is absolutely sound and the states are aided in proportion to their needs as respects that particular service. But when one begins to think of a state aiding each of its counties in proportion to need for *each service,* he may soon suffer with nightmare. And yet if we stick to the general property tax, and seek to equalize burdens through state aid, that is the only equitable way to do it. And even then the danger of state centralization would not be averted for insistence upon a measure of control would be sure to accompany the aid, just as it has in the case of the federal government giving aid for poor relief.

NEW TAXES A POSSIBILITY

But perhaps state aid is not the only solution. Suppose other forms of taxation are utilized to an increasing extent—income and sales taxes for instance. To preserve the integrity of local government a considerable portion of the proceeds of such taxes would have to be turned back to the counties and thus become available to them for the purpose of maintaining their services. To a certain extent this has been tried with gasoline taxes in connection with highway costs. It is one means of preserving a measure of local control over highways. But the gasoline tax is a comparatively simple one to deal with, and only one function is involved—that of highway construction and maintenance. When one thinks of turning back to counties a part of the proceeds of income and sales taxes upon some equitable basis, and for all functions, the complications become very formidable.

The point is, if counties are to support all the services they now support they must be allowed to tap new sources of revenue and not be compelled to rely solely upon property taxes. Even then the inherent evil would not be obviated but would merely be abated somewhat; for although counties might be allowed to utilize all these newer taxes, genuine need for each service would bear no relation to available resources. State distribution on the basis of need is the only real solution. But it is utterly futile to exhort counties to stay within their incomes when the source of their incomes is nothing but the general property tax.

Here then lies one explanation of the widespread tendency toward state centralization. It is idle to inveigh against it, to sing the praises of local self-government, to deplore the passing of democracy. The fact that so much wealth has passed into other forms than real estate and thus escapes the county has tended to aggravate the problem tremendously in recent years. The only way these newer forms of wealth are made available for local services is through the state.

So, I come back to my main proposition: Adherence to the general property tax spells the doom of local self-government and leads inexorably to the state taking over the main functions of the county. This article is not intended as an argument for state centralization; it is merely an attempt partly to explain a phenomenon.

Legislative Councils

Results of the first practical application of an important section of the National Municipal League's Model State Constitution described

HUBERT R. GALLAGHER

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When Nebraskans voted by an 85,000 majority to substitute a unicameral for a bicameral legislative assembly, they were not sponsoring an innovation in American government; they were merely reviving a system which had been tried—and abandoned—by three states prior to 1836. However, publicity plus novelty have captured the public fancy, and since last autumn imitations of the "Nebraska plan" have been proposed in more than twenty states.

Meanwhile—with widespread interest centering around unicameralism—an equally significant movement, the development of legislative councils, goes practically unnoticed. Actually this device aims at the improvement of legislation in a far more fundamental way than any merely structural change could effect. Furthermore, little difficulty and little expense would be involved in the establishment of such legislative councils. Neither petitions nor constitutional amendments are required; only legislative sanction is necessary.

The first practical application of Sections 29-32 of the Model State Constitution, first drafted in 1921 by the committee on state government of the National Municipal League, was made in 1931. In that year Wisconsin created a council officially known as the executive council, and two years later similar councils were established in Kansas and Michigan. Alabama, Illinois, Montana, Oklahoma, Texas, and Washington are at present considering the creation of agencies of this type.

WISCONSIN EXECUTIVE COUNCIL

In 1931 Governor Philip La Follette in his message to the legislature urged the establishment of a legislative council, and upon this recommendation the Wisconsin Executive Council was created. As originally organized, the council consisted of twenty members: five senators and five assemblymen who were selected in accordance with the rules governing standing committees in their respective houses, and ten citizens whose appointment by the governor was not subject to confirmation. However, in 1933 the membership was reduced from twenty to twelve and the council now consists of three senators, three assemblymen, and six private citizens. All of the members serve without pay but are reimbursed for expenses.

Although the Wisconsin Executive Council does not plan a program nor recommend measures for the consideration of the legislature, it has numerous other important functions. Possibly the chief of these is the duty to advise the governor "in any matter which he may refer to the council." Other functions include the following:

(1) The council has authority to investigate departments of state government, and to study possibilities for the consolidation of bureaus.

(2) It may recommend legislation designed to increase the efficiency of the state service.

(3) It may make economic investigations for Wisconsin industries.

(4) It approves regulations made by the director of purchases.

(5) It approves leases for state office quarters outside of the capitol.

To facilitate its work the executive council may administer oaths, compel the attendance of witnesses, employ assistants, and create any subcommittees which it deems necessary. Persons who are not members of the council may be included on the membership of the subcommittees.

The Wisconsin Executive Council does not have a staff agency to carry on research, although a special appropriation of $22,000 for an economic land survey was made available by the 1933 legislature. It is anticipated that, under the administration of Governor La Follette, the position of the council will be strengthened and that its advisory functions and research program will be broadened.

MICHIGAN LEGISLATIVE COUNCIL

The situation which led to the establishment of the Michigan Legislative Council well exemplifies one type of difficulty in which such councils can be of utmost value. In 1933, for the first time in many years, the Michigan legislature was predominantly Democratic. The total membership of the Michigan house is one hundred; that of the senate, thirty-two. Personnel data compiled by the American Legislators' Association indicate that of the fifty-six Democratic members of the house at the 1933 session, fifty-four were serving their first terms. Similarly, of the thirteen Democratic senators, only two had previously served in the legislature. As Harold M. Dorr, writing in the *American Political Science Review*, described it: "The legislators, recently recruited from private life, were not prepared to initiate a comprehensive program, nor were they familiar with the legislative process. . . All in all, three months were squandered before the legislature was prepared to undertake the consideration of a comprehensive program."

With the backing of Martin R. Bradley, speaker of the house, an act establishing the council was passed by the Michigan legislature and approved by Governor Comstock on June 28, 1933. That act created a legislative council of nine, including the president of the senate, three senators whom he selected, the speaker of the house, and four representatives appointed by him. Provisions insuring bi-partisan appointments on the council and the termination of membership at the expiration of each member's term of office were written into the act.

Between sessions the Michigan Legislative Council continues to function for the twofold purpose of: (1) Preparing a legislative program for the next legislative session; (2) Compiling and furnishing such information as the council may consider useful to the members of the legislature. Like the Colorado Committee on Interim Committees, the legislative council co-ordinates the work of all Michigan interim committees and commissions which are authorized to make special studies and to prepare legislation in advance of the session. The council, of course, may appoint subcommittees and call upon members of the legislature for assistance in preparing a legislative program. Finally, the council has the power to investigate the costs of all state activities and to recommend to the legislature changes in the operation of the departments and institutions, boards, and commissions of the state government which will reduce governmental expense without impairing governmental efficiency. The members of the council have access to all records and files, and all officers and employees of state departments are required to furnish information concerning any matter which the council is considering. Hearings may be held and subpoenas may be issued in the name of the council, and resort may be had to court action in case of disobedience to a subpoena.

The legislative council may adopt its own rules of procedure, elect its chairman, and incur necessary incidental expenses. The members, however, serve without compensation. The final section of the act provided an initial appropriation of $5,000 in order to carry out its provisions.

THE FIRST REVERSE

Unfortunately, the Michigan Legislative Council is now undergoing a period of curtailed effectiveness which is due to a lack of coöperation between the governor and the council. Before his inauguration and before the session began, Governor Frank D. Fitzgerald charged that the work of the "lame duck" legislative council was unnecessary. (Only three of the nine members of the legislative council were reelected in November.) The council first incurred the displeasure of the governor-elect by deciding to proceed with a tentative program involving relief, taxation, and school aid. The governor asserted that he favored abolishing the council and that he would ignore it in preparing his legislative program. Members of the council assailed Fitzgerald for this attitude. Representative Vernon J. Brown, one of the three holdover members of the council, and, incidentally, a Republican, stated that the council had no intention of interfering with the governor's program, and further pointed out that it fully justified its existence by carrying on research work impossible for legislative committees. However, the situation was so strained that before the beginning of the session three of the "lame duck" members had already offered their resignations. At present the fate of the council remains uncertain.

KANSAS LEGISLATIVE COUNCIL

While the Michigan legislature was considering Speaker Bradley's plan, the Kansas Legislative Council held its first meeting, adopted rules of procedure, and commenced development of a program of emergency legislation for presentation to a special session of the Kansas legislature. The act providing for a legislative council had passed the legislature in March 1933. It created a council of twenty-five—ten senators and fifteen representatives to serve during each regular session. The former are appointed by the president of the senate and the latter by the speaker of the house and in each case a majority in the legislative house concerned must approve the appointment. The president of the senate and the speaker of the house are ex-officio members of the council—and serve, ex-officio, as chairman and vice-chairman respectively. The revisor of statutes, whose office serves as the legislative reference department in Kansas, is ex-officio secretary.

The relative number of members of the two major political parties in each house of the legislature determines party representation on the council. However, the majority party is never permitted more than two-thirds of the total number of members. Geographical representation is assured by the provision that each congressional district must be represented. The Kansas act—unlike the Michigan and Wisconsin statutes—also provides for the representation on the council of each of the more important house and senate committees.

A MODEL FOR OTHER STATES

Since the Kansas measure is thus far the most comprehensive and satisfactory and may therefore serve as a model for other states, certain sections of the act are outlined in detail.

According to the statute the council is charged with the following duties:

1. "To collect information concerning the government and general welfare of the state";
2. "To examine the effects of previously enacted statutes and recommend amendments thereto";
3. "To deal with important issues of public policy and questions of statewide interest"; and
4. "To prepare a legislative program in the form of bills or otherwise, as in its opinion the welfare of the state may require, to be presented at the next session of the legislature."

The statute also requires the council:

1. To investigate and study the possibilities for consolidations in the state government, for elimination of all unnecessary activities and of all duplication in office personnel and equipment, and of the coördination of departmental activities, and of methods of increasing efficiency and of effecting economies.
2. To investigate and study the possibilities of reforming the system of local government with a view to simplifying the organization of government.
3. To coöperate with the administration in devising means of enforcing the law and improving the effectiveness of administrative methods.

The Kansas Legislative Council also has the authority to administer oaths, issue subpoenas, compel the attendance of witnesses, and the production of accounts, documents, and testimony, and, where necessary, to compel obedience by resorting to court action. In addition, the council may require each officer, board, commission, or department of the state government—or of any local government—to make any needed studies for the council.

As in the case of the legislature the governor has the right to send to the council "messages containing his recommendations and explaining the policy of the administration."

RULES OF PROCEDURE

The council may meet as often as is necessary, but at least one quarterly meeting must be held. A quorum of fifteen members is needed before action can be taken. Periodic reports must be made to the members of the legislature, and all recommendations must be made public at least thirty days before presentation to the legislature.

Members of the council are paid $3 per day and their expenses.

COÖPERATION WITH LEGISLATIVE REFERENCE AGENCIES

The council may call upon various departments and on the legislative reference library in particular for assistance in its work. The plan of having the revisor of statutes serve as secretary of the council is ideal for Kansas where a research department has been set up specifically in connection with the council. However, states which do not contemplate the establishment of research departments and which have well staffed legislative reference and research bureaus might well designate the latter as the secretariat and research agencies for their councils.

THE FIRST TWO YEARS

There were 1,545 bills introduced during the 1933 sessions of the Kansas legislature, and of this number 365 were enacted into law. During 1933 and 1934 the legislature was in session a total of 110 legislative days of which the regular session consumed seventy-four legislative days. Although, of course, it would be foolhardy to judge the accomplishments of any legislative council by the reduction in the quantity of proposed legislation or in the number of days of legislative session, it is nevertheless interesting to note that only 1099 bills were introduced in the present 1935 session of the Kansas legislature previous to the deadline for such introductions. Furthermore, it is predicted that the legislature will adjourn early in March.

The real test of the effectiveness of the legislative council as a planning device is the type of program which it proposes and the quality of the legislation which it recommends.

During 1934 the council not only prepared a legislative program for a special session which enacted over half of the measures recommended; it also set to work on a legislative program for 1935. Since, according to the council's rules of procedure, no bills are to be drafted until after investigation and study by the proper committees nor to be introduced until after instructions have been received from the committee of the whole, it is necessary to plan considerably in advance of sessions.

In preparation for the current session, a research department was organized by the council and financed by a grant of $15,000 from the Spelman Fund. The primary purpose of the grant was not so much the establishment of a new department; it was "for the purpose of giving the council additional facilities, not permitted under its appropriation, to enable it to perform the important tasks assigned to it by law."

Under the direction of Dr. Frederic H. Guild, the research department has reported on twenty-nine items referred to it. Reports have been submitted on school finance equalization, legislative procedure, corporation code revision, uniform accounting and auditing system for state and local government, and estimated revenue from changes in certain tax laws. Probably the most outstanding of the reports, though, were those on the sales tax, state police, and old-age pensions. These were not only of interest and service to the members of the council, for whom they were prepared, but were also of great value to legislators and legislative reference and research bureaus in other states.

Although it remains to be seen what the Kansas legislature will do with the bills recommended for passage by the council, it is evident that the latter has played an important part in improving the legislative product in Kansas. It has also set an example which the legislatures in other states might wisely follow.

THE MOVEMENT SPREADS

And there is no doubt that this movement is spreading, as was pointed out before in this article. As the number of councils increases, the need for some national clearing house of information and research will become increasingly imperative. It is hoped that the Interstate Reference Bureau of the American Legislators' Association which now serves in this capacity for the state legislative reference bureaus will perform the same work in connection with the councils.

In 1901 there were but two legislative reference bureaus. Today there are reference bureaus effectively functioning in thirty-four states.

Today there are but two actively operating legislative councils, but in view of the interest which is beginning to be shown, it is hardly too much to expect that by 1940 every state may have established one. The effectiveness of those now functioning and the

(Continued on Page 161)

Is the Town Meeting Democratic?

Changing conditions threaten the prestige of the New England town meeting as a truly representative body

KENDALL BANNING *Journalist*

"If worst comes to worst, and an economic collapse should wipe out my job and my savings," the complacent householder has long been accustomed to observe, "I can at least retire to my cottage and five acres of land in the country and raise enough farm produce to keep the family alive."

For generations the cry for economic security, voiced by individuals and now incorporated in the recovery plans of the government, has been closely akin to and indeed a part of the instinct of self-preservation. It has impelled men and women to work and save, to invest their earnings in income-producing projects. Chief among these forms of investment have stood life insurance, stocks, bonds, and real estate. In the latter category are included an as yet uncalculated number of just such havens of refuge as a "cottage and five acres of land in the country."[1] In New England alone there were, in 1930, 124,935 real estate holdings officially classified as farms. These figures do not include the countless thousands of small homes surrounded by sufficient land upon which garden truck may be raised for home consumption. It is reasonable to assume that an exceedingly large proportion of these homes were purchased out of savings as sound investments and as a security against economic dependence.

In the light of events of the past three or four years, just how sound have these investments proved to be? And just how much economic security do they promise for the immediate future?

From the point of view of the investor who seeks a return from his property in the form of rent, the real estate owner has suffered a substantial loss since 1930. A recent inquiry among real estate dealers and real estate associations in New England reveals that the revenues derived from real estate property have fallen off from 40 to 60 per cent, varying, of course, with local conditions. And if the market value of real estate is determined by the income derived from it—and this method of computation is perhaps the most logical of the several ways of estimating the worth of it—the capital of the investor has shrunk accordingly. To the investor who owns and occupies his own home, this shrinkage involves a nominal loss rather than an actual loss. But the security of both the resident and the non-resident home owner is now being threatened with a danger that is not at all merely nominal, but very real and in too many cases imminent and urgent. And that danger is confronting the "cottage and five acres of land in the country." It may be expressed in a single word, taxes.

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[1] According to the United States Census Bureau, there were 6,288,648 farms in the United States in 1930, when the latest complete figures were available.

In New England, local property taxes are passed upon at town meetings, an institution created by the Founding Fathers over three hundred years ago and still cherished as one of the most distinctive and revered of the numerous forms of town government. The tax rate is established annually, and is based, of course, upon the requirements of the town budgets. And the size of the budgets are, in turn, determined by the financial needs of the community.

During the past two or three years of economic collapse the budgetary requirements of the towns have naturally risen—and risen at a time when the capacities of the taxpayers to pay have been shrinking. Relief rolls have swollen. Temporary work has had to be provided for the unemployed.

To the extent that tax raises are attributable to the costs of essential relief measures they may be viewed with alarm and deplored, but little can be done about the situation other than to place the victims upon the relief rolls, at the expense of the other members of the community. But during the past year or more instances have been recorded when these town expenditures have been sponsored by small groups who were in positions to profit personally from them. To this kind of political mayhem the New England town meeting has proven itself, not generally by any means but certainly in a sufficient number of cases to reveal its defects, unexpectedly amenable.

This condition is due not to any change in the statutes that govern town meetings, for few changes have been made in them for generations. It is due to the changed conditions under which the town meetings of today function.

When the Founding Fathers formulated the state laws that govern New England town meetings, they assumed correctly that these meetings would be largely attended and that they would reflect public opinion. "Town meeting day" was an occasion. Folks hitched up their teams and drove into town from the whole countryside. Discussions of politics was a favorite indoor sport, and the town meeting itself was a source of entertainment.

Those conditions, however, do not now so generally prevail. The introduction of the movies, of radio, of motor transport, and the vast increase in the number of newspapers and magazines that enter the home have vastly broadened the horizon of the rural resident. The town meeting does not generally occupy the same place in the life of the community that it once did. Out-of-town property owners have been buying up cottages for summer residential purposes, and if town meetings are held—as they often are—when the summer residents are away, they have no way of knowing that a town meeting has been called or that a spending project is afoot that may affect the value of their property—unless they happen to subscribe to the local newspaper that circulates in their town and their eyes happen to catch the brief warning of a forthcoming meeting, which constitutes the technical legal "warning".

FEW AT TOWN MEETINGS

The result is that town meetings are attended by a smaller percentage of the taxpaying population than they once were. It has been estimated that in the average New England town a bare 8 or 10 per cent of the taxpaying population attend town meetings; in some towns (especially those in which non-residents own property) this percentage is considerably less. Instances may be cited when groups as small as 3 or 4 per cent of the taxpayers have passed measures that involve substantial sums of money and that impose heavy obligations for years to come upon the remaining 96 per cent, most of whom were not even advised of the meetings. To claim that this condition is a true reflection of a democratic government is palpably absurd. Certainly it cannot be maintained that such a condition constitutes a true reflection of the "will of the people".

Thus a situation is created which not only makes it possible for a small group to control town meetings but encourages it to do so. If this group has any personal motive in putting over a large appropriation; if as a result of its successful efforts to induce a town meeting to float a substantial loan that will be used for building a school house or a water system or for road improvement, for example, the sponsors are in positions to profit from fees or commissions on contracts, or to gain political advantage through the dispensation of jobs to constituents, the proceedings assume an aspect that is not dissimilar to that which has shrouded some of the deals perpetrated by the political rings that have preyed upon our larger cities. Under the stimulation of the federal and state recovery programs which have advocated large appropriations for public works, several towns in New England have been stampeded into voting loans that have tripled and even quadrupled the town debts. When it is considered that these important measures have been passed upon by small groups of citizens and taxpayers who have been led by men who were in positions to benefit personally from the transaction, substance is given to the belief that the revered New England town meeting is being made the victim of a form of racketeering.

The absence of state statutes that cover town meetings facilitates this form of manipulation, and enables the proponents of public-spending measures to form blocs of unemployed, people on relief rolls, property-owners in arrears on their taxes, and citizens who own no property at all. These represent a class of the population who are naturally disposed to vote for appropriations that will bring them jobs or more and better relief and who, having nothing to lose themselves, are quite ready to vote away the funds of those who have taxable property. Only two of the New England states have laws that prevent paupers from voting, and these laws are not generally invoked; no New England state statute forbids persons on relief rolls or tax delinquents from voting. Nor are there any laws on the state statute books that define how the legal voters at special town meetings be distinguished from others, or how votes shall be taken. The consequence is that small but vociferous cliques can and sometimes do dominate the meetings—even when important financial questions are up for decision.

CHANGED CONDITIONS

It is clear that the Founding Fathers had in mind no such perversion of the town meeting when they conceived it. They did not visualize a community that would be largely depopulated during the winter months by residents who motored south, or which was owned in large part by non-residents who occupied their property only during the summer season. They had in mind town meetings generously attended by the local, authorized population, whose opinion reflected the community point of view. To a large extent that remains true today. But it is not invariably true and there are valid reasons for believing that it is becoming less and less true. Both the resident and the nonresident taxpayer, unless he can be present in person and register his opinion, is more largely at the mercy of minority groups than he has ever been before. He has, in reality if not in a technical legal sense, been largely disfranchised—disfranchised as much as 90 per cent, in actuality.

To preserve the rights of property owners in such communities it would seem only equitable that the opportunity be given to every taxpayer and to every legal voter to register his attitude toward any proposed appropriation that is large enough to threaten the tax rate. This privilege should not be confined to the small group of citizens who happen to be in town when the town meetings are called, who in too many instances constitute but a negligible proportion of the taxpaying list and only some of whom are property owners at all. To concentrate the tax-levying power in the hands of such a small number is contrary to the spirit and purpose of a democratic form of government. Neither in name nor in fact does this technique represent "the will of the majority".

REFERENDUM NECESSARY

The most obvious method of insuring an equal chance to every voter to register his opinion, and at the same time obtain the "will of the people" to an infinitely greater degree than is customary under the present system, would appear to be a referendum ballot that is mailed to everyone who is qualified to vote at special town meetings. Such a procedure would not merely advise the voter that a town meeting has been called to consider an appropriation of money for which the taxpayer must eventually pay; it would do more. It would give him the opportunity of recording his opinion for or against—by mail.

Absentee voting at elections is now a common practice in many states. To submit referenda ballots on projected large expenditures of public money has long been a familiar custom in our larger political units. The application of this system to New England towns involves no new or untried theories of government. Extravagant spending programs entered upon during the past year or two by a number of towns normally conducted economically, under the temporary domination of small blocs, offer evidence that some more effective check should be and eventually must be found to gauge the real wishes of the people of the town as a whole, and to give every property owner an actual—not merely a technical legal—warning that an appropriation is under advisement that may conceivably affect the amount of taxes he will have to pay. Such referenda would, of course, be practical only on proposals for substantial appropriations, representing perhaps some ratio to the Grand List—1 per cent, for example. Thus a village with a Grand List of $6,500,000 would employ a referendum ballot only on projects involving $65,000 or more.

Obviously such a method of obtaining the will of the people must be made mandatory by state law. Otherwise the control of the town meetings, and the option of submitting a referendum vote to the taxpayers would remain in the hands of the small groups, which is precisely where it is now.

Unless this, or some equally effective method of giving every taxpayer an actual, honest and equal right to express his will in regard to how much of his own money his townsmen propose to spend and for what purpose they plan to spend it, can be put into effect, the vaunted democracy of the New England town meeting will become less real than theoretical, and the position of the property owner will continue to assume more hazardous aspects.

Until some such safeguard is furnished to the taxpayer, and other modernizations made upon the ancient New England town meeting as an instrument of government—improvements that will enable it to work as originally contemplated—the owner of a "cottage and five acres of land in the country" will find that his economic security is not quite as secure as he anticipated. He may even conclude to migrate to a locality where there are no town meetings to be manipulated by cliques that are not always actuated by altruistic motives, and who don't care how much of the taxpayers' money they spend—so long as they get their share of it.

Municipal Credit in National Affairs

A possible solution for the high cost of money to municipalities offered by financial expert

A. A. BERLE

City Chamberlain, New York City

THE time has come to talk bluntly on public finance, and particularly about local finance. It is not in good shape. I do not mean by this to say that municipal bonds are not good investments. I mean to say that the system of municipal finance and municipal credit as we now have it is reaching the end of its tether.

For better or worse, we have an economic system which allows for creation of permanent wealth, or capital wealth, only against creation of interest-bearing debt of an almost equivalent amount. Municipalities did not make this system; it is not for local governments to settle whether it ought to be changed. We have to live with the system, and we have to try to handle our affairs under it. Under that system we are coming close to the end of that rope so far as our governments are concerned.

A fair estimate of the internal debt of the United States is about 170 billions. Something over 10 per cent of it, that is, about 17 billions, is the debt of the local governments, and probably (though accurate figures are not available) nearly ten billions are the debts of cities and towns.

Translated into terms of individual human beings, this means that in most large cities you have a debt running anywhere from $150 to $250 for every man, woman, and child in the town; or if you like, an average American family living in a city has to carry a debt running anywhere from $650 to $1100—a debt ahead of any other debts that family has to carry, though the family may not know it.

Now it is all very well to say that when we created the debt we created wealth along with it. Of course, in a manner of speaking, we frequently did. Against this terrific mass of indebtedness, represented by bonds outstanding, we have schools, hospitals, prisons, insane asylums, streets, parks, bridges, and in some cases street railways and subways; to say nothing of water systems and sewers. This, of course, is the substantial achievement occasioned by all this volume of paper. This, in fact, was what made it possible to issue and sell to the public these billions and billions of bonds.

But I would like to have you note a change in the picture. We were originally building a kind of property which created profits—I mean our water systems, our transportation, our sewage. These in their own way yielded a profit, either because they increased real estate values or because they performed, publicly, services which otherwise would be performed privately. Not so long ago water works were almost entirely private; many are today.

Now, however, we are worried about creation of wealth which is not of the profit-making variety. A municipal hospital is never a profit-making thing. It is a salvage job. A playground or park is not in general a profit-making activity. It is a recapture job. We are taking back, at large expense and by the creation of more debt, a piece of God's green earth which we squandered some years ago. Schools are the most worthwhile thing we do, but they are not profit-making. No one ever accused a prison of being a profitable enterprise reflecting an increased value—except ever so slightly—and the same is true of a host of other activities. Even where these are of the kind which tend to raise values over the long pull, we are running into a situation where, for the moment at least, our people simply dare not incur additional debt.

Also, in plain human common sense, it is not enough to know that a thing is useful and that you need it in order to be able to buy it. Any family may know that it is quite worth while to have an electric washing machine rather than to worry along with the old tub; but the plain fact is that a family which is heavily in debt cannot take on the job of paying up installments on a washing machine. If every economist and every business expert comes around to demonstrate that it is a serviceable and saving proposition, a family already loaded to the guard-rails with past bills will simply have to say, "We can't afford it." Once in a while you can take in washing for the neighbors and pay it up that way, but cities cannot do that.

Mayor LaGuardia has already demonstrated that in time of depression, when a city's revenues are hardest to collect, and when the value of its properties is lowest, the financial demands on city governments increase rather than decrease. Where there is a large relief expenditure, you are not increasing wealth at all: you are merely handling a current problem in the hope that it will be over fairly soon; and that in the face of an uneasy suspicion that this problem of unemployment is not going to vanish over night, but is likely to be with us for some years to come.

RELIEF SERVICES NEEDED

Partly as a result of the misery of the depression, partly as a result of changing ideas, and partly because we are now facing all the consequences of the boom period, the demand for the salvage services of the cities is reaching a peak. This means, in plain English, that we are obliged to create property of the non-profit order—that we are almost by force steered more towards the hospital and the park and the unemployment relief job, and away from the original wealth creating mechanism like the water system. It is not a clear-cut proposition, but that seems to be the general trend.

There is no indication yet that the federal government proposes to abandon its plan of public works. Nor indeed is it desirable to do so; for the whole federal idea is not to get locked into a permanent dole system which, though cheap, condemns a whole class to a moral and economic death. Rather, it is to create employment, even though this may be more expensive. And up to date, these public works have been financed by permitting local governments to borrow from the federal government, along with a 33 1-3 per cent grant. Already the bills for interest and amortization on these municipal borrowings are beginning to come in. Can we go any farther along that line?

There is a difference between federal government financing and local financing. This difference is complete and fundamental. The federal government can literally create its own credit by selling securities to banks which manufacture bank credit for the purpose. With the overpowering position which the federal government has, this can continue for a considerable period of time. But a municipality dealing with its banks or bankers is in no such situation. The banks can simply decline to deal. We have to find real money—that is, either we have to tax, or we have to sell bonds to private investors through banks. Instead of creating credit for the purpose, we have to attract existing funds away from some other market or use. I do not here go into all the economic lingo. What it comes to is that the federal government can make a bank create a dollar of credit and lend it to the federal government. A city has to find an actual dollar in existence somewhere, and induce the lender to let go of it. It is, more or less, a real dollar against a bank dollar.

BORROWED MONEY COSTLY

And what is the result? Well, the average city pays anywhere from one-fifth to one-third of its budget as interest or amortization of past debts. That means that the average taxpayer is paying anywhere from twenty to thirty-three cents of his tax dollar towards bondholders' coupons, bank interest, and previous bills. I am not quarrelling with this. The city got what it wanted, and if the money was wisely spent it has the hospital or the schoolhouse today. But when it comes to going on with the program, we may be pardoned if we stop a moment and figure up a little where we shall finally land. Especially we have to stop and think when we are offered (and it is alluring enough) a great deal of money which can be easily borrowed by us from the federal government. The only easy part of the transaction is the borrowing. The job of paying it back which already begins, is not so simple. And yet, if we are to stop borrowing, we must likewise stop meeting requirements for capital goods which a swift moving modern civilization creates anyhow—to which demands must be added the cost of taking care of unemployment through depression.

If these demands were for the kind of thing which yielded a profit—if the bridge were always a toll bridge, or the water system were always a system in which the water rates would pay for interest and amortization—we should get along simply enough. But this is not true in many and perhaps most cases.

Reverting for a moment to the national picture, what is really happening is this. We have two trenches—a reserve trench occupied by the national government, and a front line trench occupied by the localities, especially the industrial cities. The reserve trench can draw re-enforcements at any time from the banking depots behind the lines. We cannot.

If I were a classical economist I could tell a story about why a depression was a good time to get rid of debt; and accordingly why we might all go into bankruptcy and scale down our debt that way. But the fact is that we are not going into bankruptcy—not if we know it, or can possibly avoid it—and that we will probably use every device we can to maintain this structure of 17-odd billions of local debt we have set up. We can do something with taxation—but only if we do not further increase the share of our taxes which goes for interest and sinking fund on bonds. If we increase that share, our taxes presently do not leave enough over to pay for the city services after the bondholders and banks are taken care of.

We can do considerable with a reduction of budget, and with economy; but that too is limited in amount; and it is more than counter-balanced by the expenditures of our various welfare departments for relief and unemployment. Something can be done with simplification of government. Our three tools are economy, taxation, and government reorganization in the interest of economy. All may be applied with some effect. But compared to the whole problem of our debt structure they do not go far enough to allow the creation of any great amount of additional debt. This is the blunt truth about it; and there is no use blinking that fact.

WHAT IS THE SOLUTION?

What, then, can be done? Probably it depends in the main on national policy, for after all, what happens to us as individual cities is merely the result of what happens to the nation. We could, of course, go on borrowing on the general theory that pretty soon we would either have inflation which would wipe out all debts, or great recovery which would make it possible to levy tremendous taxes and pay them off. But I think neither of these alternatives will happen. I think we probably will recover slowly, on a gently rising incline, for a good many years. If we let our debt and our debt service rise faster than that mild upward trend, we shall be in trouble long before a kindly Providence lets us out, either by a financial collapse, in which I do not take much stock, or by a magic recovery, in which I take even less stock. Anyway, no executive worth his salt will usually care to take even a one-third chance on running his city into a bankruptcy court if he can possibly avoid it.

It seems to me that we have to get away on a new tack. Roughly speaking, our municipal debts create two kinds of property—the kind which is self-liquidating, which generates income enough to pay its own way, and the kind which is merely a dead operating loss, no matter how you look at it, because its principal function is taking care of the poor or unfortunate or afflicted, or cleaning up our past mistakes. We can put the self-liquidating variety out of the picture for the moment, because that can carry itself by ordinary commercial standards without more. But if we are going into projects of the latter kind, we have to have a different kind of credit available. Specifically, I think there ought to be some financial mechanism which can create credit for municipalities as credit is created for the federal government; and this under appropriate control, so that it never gets out of hand. I believe that this probably could be accomplished either by arranging with existing banks or creating municipal credit banks, capable of lending money at relatively long term to municipalities at a rate of interest kept so low that its primary function was to pay the expenses of operation rather than to attract public investors. Amortization, rather than interest, ought to be the chief concern. To do this, such a bank or agency would have to be able to purchase city bonds which bore a rate of interest nominal by comparison with the past rates. Such banks would create credit for that purpose. To secure funds, such banks would have to have the power to rediscount such bonds in the federal reserve bank or a similar institution. Within limits, such an institution could even do a certain amount of refunding of existing debt. You would then have in the field of long term public credit the same kind of a credit creating mechanism which commercial banks, for a price, afford to the average merchant.

There is a reason for doing this now. We have had crises before, and depressions are not new. But in the main, they have been short term money crises—the difficulty has been with commercial credits. This time we are in for something more fundamental. Really we have at the moment a capital credit crisis—not that we lack capital in the United States, but that we have a debt structure—in large measure a local debt structure—which does not permit paying interest sufficient to attract the capital; and a business structure in which a new investment can pay its way only by bankrupting some past investment. As a result, capital does not move; and at the same time the lack of movement of capital creates unemployment; and the brunt of the burden falls on these same municipalities and local governments.

The solution which I have suggested is not within the lines of strict financial orthodoxy. It is, however, I think, in line with the views of the longer range economists who have long since foreseen that at some stage of the game our mechanism of capital credit which bears interest will get ahead of the situation and force a stoppage of the works. A good many of the younger men who study this question feel very strongly about it; perhaps the most brilliant discussion will be found in the October *Virginia Quarterly,* by Mr. David Cushman Coyle, one of the economists attached to the National Recovery Administration.

SOCIALIZATION OF CREDIT

I can put it a little more spectacularly. What I have really proposed, when you analyze it, is the socialization of a certain amount of credit. I have endeavored to limit that socialization to the kind of expenditure which is already socialized in its nature. A municipal hospital, for example, or a public park, is a socialized institution if ever there was one. Unemployment relief expenditures are socialized money, if that institution exists anywhere in the world. I believe that you cannot run the two systems together. You cannot be taking care, in one way and another, of nearly one-sixth of the population on a socialized theory, and expect at the same time to have that kind of expenditure represented by a debt bearing any appreciable rate of interest. To the extent that you are required to make socialized expenditure, your interest rate must come down.

In the present exigency, with our relief expenditures, our public works, and all the rest of the program, the municipalities are asked to go in for a tremendously increased socialized expenditure. They cannot do this unless to an equal extent some kind of credit is extended to them on a basis commensurate with the job they are doing. They will not make any self-liquidating money out of supporting unemployed; and they cannot indefinitely pay interest for generations to come on account of those borrowings. To do so simply means that within the next few years we shall be looking down the gun barrel of bankruptcy, with attendant dislocation of our local government system.

One other thing ought to be done. We cannot go on with three layers of taxes—federal, state and local. What we really should have is a single tax-gathering bureau making a single scientific system which collects for all and registers the proceeds. Since that is a difficult thing to do, perhaps we can take one step towards it now. That is by reaching an understanding between the federal government, the state governments, and the local governments as to sources of taxation, so that we do not double and treble one tax on another in the same field. A conference might well be called at which all three groups are represented for the purpose of trying to agree on a division of taxation; and we might make some progress towards a scientific handling of the whole question of public revenues.

There is not time to take up all the angles involved here. For instance, with every issue of municipal securities we issue a blanket certificate of tax exemption; and as the local debt goes up, the tax base grows smaller. Interest on this kind of debt already is nearly 10 per cent of the total interest bill of the United States. Again, our relief bills are really nothing more than subsidies to industry. When times are good, industry employs men and makes a profit, and distributes the profit as dividends. When times are bad, they fire their men and the community takes on the losing end of the business, which is supporting the workmen until the next job comes along. There is a very real argument here for feeling that the old traditional system must now be matched by additional machinery which will make the scheme of things square up. As it stands now, when the system is going well municipalities do not take advantage of the profit; when things are going badly, however, they are asked to stand the loss. In proposing a method by which this loss shall be minimized, and in proposing a method by which capital credit may be made available for the stimulation of industry, we are merely doing now, at long last, what the commercial credit bankers learned to do 150 years ago. No one can claim that the present system, judged by its results, is perfect enough to need no improvement. We cannot leave all social inventiveness to our communist friends. I therefore have taken the liberty of putting before you a possible method of attacking our own problem without monkeying with the monetary system, without changing the commercial framework, and without undertaking to go in for vast social experimentation. I have proposed merely that we adapt to this crisis the credit machinery which has been our principal reliance in other depressions.

Editor's Note: Address delivered at the annual meeting of the United States Conference of Mayors, Chicago, November 22, 1934.

LEGISLATIVE COUNCILS

(Continued from Page 151)

enormous future possibilities for improving legislation are apparent. But how immediate is the need for a device like this, which will furnish guidance for legislators, is indicated in the following paragraph from the recent report of the Governor's Advisory Constitutional Revision Commission of the State of Washington:

"The legislature is entitled to this service (a legislative council). At present the members are confronted with a huge mass of unorganized material, and bewildered by conflicting information from constituents and lobbyists. From this they are expected to develop a logical and sound program of legislation. The legislature is perfectly competent to determine state policy if the material upon which such policy rests is presented to it in proper form. But to turn legislators, many of whom are inexperienced, adrift with no aid or advice, except that tendered by voluntary special interests, is to expect the impossible."

MR. ROGERS IS AN ADMIRER OF THE NEBRASKA PLAN

Beverely Hills, Calif., Feb. 14.—Controller of the Currency O'Connor is visiting his home out here. He is very enthusiastic about the Nebraska plan and says other states are watching it.

They did away with the state senate and house, too, and formed a smaller single body. . . The whole thing cuts down expenses tremendously.

It's a marvelous idea but tough to get through, for look at those jobs lost. . .

Yours for the Nebraska plan,
WILL ROGERS

From New York *Times,* February 15, 1935.

Measuring the Efficiency of County Government

A study revealing the basic factors upon which efficiency really depends and providing a basis for reorganization of county government in Montana

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PROBABLY no other word is used more promiscuously in discussions of governments and tax reduction programs than efficiency. In the case of county governments a county office is popularly acclaimed to be efficiently managed if the total costs of that office are less than the costs of the preceding year or period of years, or if they are less than those of the same office in neighboring counties or in counties of similar size. These conditions may exist, however, and yet the office be managed less efficiently than previously or than in similar counties.

Efficiency cannot be measured by comparing expenditures alone. It expresses the relationship between two important variables, viz., total expenditures and the amount of work, or the cost per unit of work done. Any thorough attempt to measure governmental efficiency should, therefore, give consideration to the amount of services performed by the governmental unit in meeting the demands made upon it by the public as well as to the cost. It is not due to chance that most discussions of governmental efficiency are confined to expenditure comparisons. Data showing governmental expenditures are readily available, those showing services rendered are not. The real problem is to measure as accurately as possible the amount of services rendered the public or the work done by the office.

The importance of measuring efficiency of county administration as accurately as possible cannot be overemphasized. Present popular expenditure comparison methods are not only frequently inaccurate and misleading, but highly unfair to administrative officers concerned. Expenditure comparisons alone put a one-sided emphasis on cost and frequently obscure significant facts which properly interpreted would enable certain mistakes to be avoided and inefficient methods corrected. A complete analysis of *both* services and expenditures reveals the basic factors upon which efficiency really depends, thus providing an adequate framework for reorganization of governmental units.

A METHOD FOR MEASURING EFFICIENCY

If a numerical record is secured for each county office for those services which require the bulk of the time and labor of that office, and if each duty is given a weight approximating its relative importance, or proportion of total time of the office required to render it, a composite weighted measure of work units can be secured which will indicate fairly well the amount of work done by the office. Dividing the total expenditures of the office by the total units of work shows the total cost per unit of work done. These unit costs may be assumed to measure roughly the comparative administrative efficiency between counties, high unit costs denoting low efficiency and vice versa.

It is obvious that this method has its limitations. Some of the duties of each county office are of such a nature that the amount of work done in performing them cannot be expressed quantitatively. And, even if a numerical measure were possible in every case, no account would be given of the quality of the services rendered. However, granting that any measure must necessarily be an estimate, the method above is admittedly more scientific than the present popular standard of comparative expenditures. It happens that in Montana the more important duties of the principal county offices lend themselves to quantitative or numerical measurement, thus permitting a fairly complete measure of the volume of work done by a given office. In addition these principal duties are mostly established and standardized by the state legislature so that the problem of quality is largely solved.

VOLUME OF WORK OF COUNTY OFFICES

The above-mentioned plan was followed for each of the six principal county offices in Montana: namely, clerk and recorder, treasurer, assessor, sheriff, clerk of court, and superintendent of schools.[1]

These six offices handle virtually the entire administrative work of the county, the assessment and collection of taxes, and all bookkeeping, clerical, and recording work incident to the receipt and expenditure of county and trust and agency funds and the filing of public documents. These six offices were analyzed for each of the fifty-six counties of the state. In each office the numerical amount of work done in performing the principal duties was secured and weighted according to a system of weights based on the composite judgment of several experienced county officers. The resulting total units were used to indicate the volume of work of the offices and to determine comparative unit costs between the fifty-six counties of the state. In the case of the clerk and recorder offices, the following items were used and given the weight indicated:

ITEM	WEIGHT USED
(1) Number of warrants issued	1/2 unit each
(2) Number of claims audited	1/2 " "
(3) Number of instruments filed	1/8 " "
(4) Number of instruments recorded	1/2 " "
(5) Number of assessments for tax roll extension	1/20 " "
(6) Number of funds for which distribution of taxes is made	6 " "
(7) Number of tax deed titles posted	2 " "
(8) Number of seed and feed loans	1/2 " "
(9) Number of voting precincts	7 " "
(10) Number of registered voters	1/15 " "

The following items were used to indicate the comparative volume of work of the treasurer offices and each given the weight shown:

ITEM	WEIGHT USED
(1) Number of tax statements written	1/24 unit each
(2) Number of tax receipts issued	1/12 " "
(3) Number of delinquent taxes	1/4 " "
(4) Number of receipts other than taxes	1/30 " "
(5) Number of auto licenses issued	1/12 " "
(6) Number of motor vehicle tax certificates issued	1/30 " "
(7) Number of tax deeds issued	1/12 " "
(8) Number of funds for which distribution of taxes is made	6 " "

The work of the assessor offices was

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[1] The following officers are required by law to be elected in Montana counties: assessor, district court clerk, county attorney, commissioners, clerk and recorder, sheriff, treasurer, superintendent of schools, surveyor, coroner, and public administrator. In addition to these eleven officers, an auditor must be elected in the larger counties (those with $15,000,000 or more of taxable value). In 1934 only four counties in Montana qualified in this group and had auditors. Since in the smaller counties the clerk and recorder performs most of the duties of the auditor and clerk and recorder combined, auditors were included with clerk and recorders in the analysis.

measured by the following items weighted as indicated:

ITEM	WEIGHT USED
(1) Number of assessments made	1 unit for each 100
(2) Amount of real estate and improvements assessed	1 unit for each $100,000
(3) Amount of livestock assessed	1 unit for each $ 25,000
(4) Amount of personal property assessed	1 unit for each $ 50,000

The following items were used to measure the comparative amount of work of the clerk of court offices and each given the weight indicated:

ITEM	WEIGHT USED		
(1) Number of civil cases	8	units	each
(2) Number of criminal cases	10	"	"
(3) Number of marriage licenses	1/4	"	"
(4) Number of wills or other probate matters	20	"	"
(5) Number of naturalizations	6	"	"
(6) Number of juvenile cases	2	"	"
(7) Number of insanity cases	1	"	"

The work of the superintendents of schools was measured by the following items weighted as shown:

ITEM	WEIGHT USED			
(1) Number of first and second class school districts	1/4	unit	each	
(2) Number of third class and rural school districts	2	"	"	
(3) Number of grade schools	1 1/2	"	"	
(4) Number of grade teachers in first and second class districts	1/8	"	"	
(5) Number of grade teachers in third class and rural districts	1	"	"	
(6) Number of high schools	1	"	"	
(7) Number of high school teachers	1/8	"	"	
(8) Number of school visits made:				
(a) Average of 10 or more teachers per district	1/4	unit	per	visit
(b) Average of 5 to 10 teachers per district	1/2	"	"	"
(c) Average of less than 5 teachers per district	1	"	"	"

The nature of the work of sheriffs in Montana is such that it is more difficult than in the case of the preceding five offices to measure accurately the volume of work or unit costs. One of the most important duties of the sheriff is investigations, but the time required for each investigation varies greatly in different cases, and for the most part the sheriff's records on investigations are very incomplete. It was therefore impossible to include this item in the data used as a basis for determining relative costs per unit of work done. The following items were used and each given the weight indicated:

ITEM	WEIGHT USED		
(1) Number of warrants of arrest	1	unit	each
(2) Number of citations into court	1	"	"
(3) Number of subpoenas	1	"	"
(4) Number of garnishments	1	"	"
(5) Number of summons	2	"	"
(6) Number of orders served	2	"	"
(7) Number of attachments	2	"	"
(8) Number of executions	3	"	"
(9) Number of prisoner days	1/12	"	"

COMPARATIVE UNIT COSTS OF PRINCIPAL COUNTY OFFICES

Considerable variation in costs per unit of work done or efficiency was found to exist between the fifty-six counties for each of the offices above. In the case of clerk and recorders, the labor costs (salaries and wages) per unit of work done ranged from $1.08 to $3.12 with an average unit cost of $1.68 for the fifty-six offices. Sixteen, or 29 per cent, of the counties had unit costs of less than $1.50 while 14, or 25 per cent, had unit costs in excess of $2.00.

Labor costs for the treasurer offices ranged from $1.52 to $7.98 per unit, with an average cost of $4.27 for the fifty-six offices. Fifteen, or 27 per cent, of the counties had unit costs of less than $2.50 while ten, or 18 per cent, had unit costs in excess of $4.50.

Unit costs for assessors ranged from

$9.26 to $65.37 with an average unit cost of $16.26 for the fifty-six offices.[2] Sixteen, or 30 per cent, of the counties had unit costs of less than $15.00 while eight, or 14 per cent, had costs in excess of $25.00.

Unit costs for clerk of court offices ranged from $.96 to $12.44 with an average of $2.64 for the fifty-six offices. Ten, or 18 per cent, of the counties had unit costs of less than $2.00 while fifteen, or 27 per cent, had costs in excess of $5.00.

Labor costs for superintendent of schools offices ranged from $2.92 per unit of work done to $24.80, the average for all fifty-six offices being $8.77. Only four, or 7 per cent, of the counties had unit costs of less than $6.00 while eleven, or 20 per cent, had costs exceeding $12.00.

Unit costs for sheriff offices ranged from $3.62 to $56.01, the average for the fifty-six offices being $8.12. Nine, or 16 per cent, of the counties had unit costs of less than $6.00 while ten, or 18 per cent, had costs exceeding $18.00.

It will be seen from the data above that the least efficient (highest unit cost) clerk and recorder office had unit costs approximately three times as great as the most efficient clerk and recorder office; in the case of treasurer offices, the unit costs of the least efficient office were five times as great as the most efficient; for assessor offices they were seven times as great; for clerk of court offices, thirteen times as great; for superintendent of schools offices, about six times as great; and for sheriff offices, fifteen times as great. Why are there such wide variations as these in efficiency or unit costs? What conditions or set of factors seem to be conducive to high efficiency? What changes are necessary in county organization and administration to make these favorable conditions more general? How can these changes be made most expediently?

RELATION BETWEEN TRAINING AND EXPERIENCE OF ADMINISTRATIVE PERSONNEL AND UNIT COSTS

The training and experience of administrative personnel is an important factor affecting unit costs. In the case of clerk and recorders, it is significant that in those counties with the lowest unit costs those in charge of the office had considerably more training and experience in the duties called for by this office than the average of all clerk and recorders. In the two lowest unit cost offices the clerk and recorders were serving their eleventh year in office while the average for all clerk and recorders was six years. In addition to serving a long time in office, both of these officers served a considerable period of apprenticeship before running for office, one having been a deputy in the office for five years prior to election and a deputy for six months in the county treasurer's office; the other, four years as deputy in the office and two years as deputy in the treasurer's office. In addition, one is a bookkeeper by profession; the other has had fifteen years of bookkeeping and general clerical experience. These qualifications are in sharp contrast to those of the average clerk and recorder. Two-thirds of them had no previous experience as deputy in the office and four-fifths no previous experience in a related county office.[3]

In the case of treasurers, the lowest unit cost offices were in charge of those with experience and training much above the average. It is significant that in the two lowest unit cost offices one of the treasurers was a deputy in the office for six years prior to election, and the other was deputy in the office two years and a deputy for four years in the clerk and recorders office, in addition to being a bookkeeper and accountant by profession; whereas, in the two highest unit cost offices, the treasurers had no previous experience in county office, no bookkeeping or clerical experience of any kind, one being a housewife, the other a railroad fireman.

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[2] The unit of work and consequently unit costs are comparable for the same office in the different counties but not for different offices. That is, the units for clerk and recorder do not represent the same amount of time, labor, or money expended as the units for assessor or treasurer. Consequently, a unit cost of $9.26 for the most efficient assessor office does not necessarily mean it was less efficient than the most efficient clerk and recorder office which had a unit cost of $1.08 or than the most efficient treasurer office which had a unit cost of $1.52.

[3] The offices of treasurer, assessor, and auditor are considered related in that their clerical duties are somewhat similar or deal with the same type of material.

Results comparable with the above were found in the case of assessor and other offices and indicate that there is a very definite relationship between efficiency and the training and experience of administrative personnel. In no case were the most efficient offices in charge of those without any previous apprenticeship or special training for its duties, but in most instances those in charge of the highest unit cost offices were without previous experience or training.

RELATION BETWEEN VOLUME OF WORK AND UNIT COSTS

Another very important factor affecting unit costs is the volume of work done by the office. A very definite relationship was found to exist between the amount of work done and the cost per unit of doing it. The cost per unit tends to increase as the amount of work done decreases, while the unit cost decreases as volume of work increases. However, this relationship is not a pure linear one, that is, the cost does not decrease in exact proportion to increases in volume of work done, or vice versa. Rather the relationship tends to be curvilinear in that the reduction in costs is not the same for every similar increase in volume of work done. At first the unit costs drop very rapidly as the volume of work increases, but a point is reached when a greater volume of work does not result in lower unit costs and, in some instances, actually results in an increase. Thus the data illustrate clearly the principle of diminishing returns.

This tendency is most pronounced in the case of clerk and recorder offices where the costs per unit of work done decrease as the volume of work increases until a point of about 7,500 work units is reached, after which the unit costs definitely tend to increase. In other words, the best size of county for this office in Montana, under the present organization of county government, seems to be one in which there would be about 7,500 work units or an amount of each of the principal duties somewhat as follows: 7,000 warrants and claims, 2,900 instruments filed, 1,100 instruments recorded, 130 tax deed titles posted, 10,000 registered voters, 43 voting precincts, and 6,300 individual assessments.

The principle of diminishing returns is also clearly illustrated in the case of treasurer offices. The unit costs decrease very rapidly until 1,800 work units is reached after which unit costs continue to decrease much more gradually and when the volume of work is increased beyond 3,200 work units, the costs begin to rise. Thus, it would seem that the best size of county for this office in Montana, under the present organization of county government, is one in which there would be about 3,000 work units, or an amount of each of the principal duties somewhat as follows: 13,500 tax statements written and about the same number of tax receipts issued, 2,600 delinquent taxes, 2,500 receipts other than taxes, 2,500 automobile licenses, 2,800 motor vehicle tax certificates, 175 tax deeds issued, and about 80 funds.

In each of the other four offices studied, the principle of diminishing returns operates to a much less extent, and in the case of school superintendent and sheriff offices it is hardly discernible. In the case of assessor offices unit costs decrease as the volume of work increases until a point of about 400 work units is reached, after which they stay about the same but show a very slight tendency to increase. In the case of clerk of court offices, the unit costs decrease much more gradually after 2,000 work units is reached and when the volume of work is increased beyond 6,000 units the costs tend to rise. The unit costs for superintendent of schools offices decrease more slowly after 600 work units is reached, but they continue to decrease somewhat with further increases in amount of work so that the lowest unit costs were secured with the largest volume of work recorded. Sheriff offices show about the same tendency in unit costs as superintendent of schools offices, unit costs being smallest for the largest volume of work offices. The five largest sheriff offices averaged about 3,400 work units and had an average labor cost of only $4.60 per unit, compared with the average for all sheriff offices of $8.12.

The results above indicate conclusively that a county office to be operated most efficiently must have, in addition to a personnel with good training and considerable clerical or county office experience, a volume of work sufficient to keep the office staff busy continuously during each working day of the year. An officer in a small county may have enough work to keep himself busy the year round but not enough to keep both himself and a full time deputy. Or, an officer in a large county, because of certain peak work loads a few weeks during the year, may keep too large a staff of regular deputies to get greatest working efficiency the rest of the year. There are, of course, some very efficient offices in both small and large counties, but the question persists as to what size of county, on the average, seems to have the volume of necessary work to keep its office staffs working at greatest efficiency throughout the year.

RELATION BETWEEN CLASS OF COUNTY AND UNIT COSTS

Montana counties are classified by law into seven classes based upon the taxable valuation of all assessable property within their boundaries.[4] Salaries of all officers and deputies are based on the classification of the county.

Fourth and fifth class counties (those with taxable valuations of from $10,000,000 to $20,000,000) average more nearly the volume of work which, in the analysis above gave the lowest unit costs for most of the principal offices, than do the higher or the lower class counties. Fourth and fifth class counties, therefore, should on the average have lower unit costs for the principal offices than other counties. An analysis of comparative unit costs for different class counties verifies this assumption. In most of the six principal offices either the fourth or fifth class counties showed the lowest unit costs, fifth class counties averaging only 83.9 per cent of the average labor cost per unit of work for the six offices for all counties of the state, as compared with an average of 143.4 per cent for the smallest seventh class counties (see Table I). In spite of the fact that there is only one second class and one third class county in the state, it is perhaps significant to note that both these counties rank lower in efficiency than either fourth or fifth class counties. The much higher unit costs for the smallest seventh class counties compared with the largest seventh class counties (see Table I), show very conclusively that efficiency tends to decrease rapidly as size of county decreases below the fifth class.

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[4] First class counties are those with taxable valuations of $50,000,000 or more; second class, more than $30,000,000 but less than $50,000,000; third class, over $20,000,000 but less than $30,000,000; fourth class, over $15,000,000 but less than $20,000,000; fifth class, over $10,000,000 but less than $15,000,000; sixth class, over $5,000,000 but less than $10,000,000; and seventh class, less than $5,000,000.

Two factors largely explain why medium valuation counties (fourth and fifth class) and not the very largest have the lowest unit costs. In the first place large cities tend to dominate the largest valuation counties (second and third class) and large urban groups often have big ideas of expansion and development. They are frequently extravagant and demand the largest and finest courthouses and public buildings, many and varied services, etc. A second important factor is that the average administrative officer elected by popular vote does not have the executive and business ability to supervise effectively such large office forces as are required to do the work in the largest valuation counties. If an administrative officer were selected on the basis of his executive and business ability to handle the office efficiently, the large volume of work characteristic of the largest valuation counties would permit a very low unit cost of operation. Under such conditions the largest valuation counties would in all probability rank highest in efficiency.

The higher unit costs for the smallest valuation counties are easily explained by the fact that the volume of work in most of these counties is too small to enable the highest efficiency to be obtained. These very small counties show the smallest total expenditures for certain offices of any counties in the state, but they have the highest average costs per unit of work done. In several instances, if the offices in these small counties cut their costs to the legal minimum, that is, to one person who did all the work, they would yet show unit costs five times as high as the average of the ten best counties.

RELATION BETWEEN UNIT COSTS FOR OFFICES WITHIN A COUNTY

There does not seem to be much relation between the costs per unit of work for various offices within a county, that is, the level of efficiency is not similar for all of the principal offices. This is to be expected under the present form of Montana county government. All of the principal officers are elected by popular vote and on such a chance basis of selection there is bound to be a great variation in efficiency between those elected for the various offices. Moreover, there is no centralizing or coördinating directorship under the present headless form of county administration and the advantages of an extremely efficient officer are confined almost entirely to that office instead of being capitalized throughout all the offices.

CONCLUSIONS

The foregoing analysis illustrates in a general way a method of measuring and analyzing the efficiency of county administration. Its chief value aside from giving a more complete and equitable basis for comparing county office expenditures, lies in the fact that it reveals the basic factors upon which efficiency really depends and thus provides a fitting foundation for reorganization of county government. In the analysis above in which Montana county offices were studied, training and experience of administrative personnel and volume of work were found to be the principal determinants of efficiency. A program to improve county administrative efficiency, at least in this state, should therefore be designed to improve the training and experience of administrative personnel, and to secure a volume of work for each office sufficient to enable low unit costs of operation.

The training and experience of county administrative personnel would be greatly improved by raising the qualifications required to hold office. At the present time the standards for qualification to hold county office in Montana are extremely low[5] and similar conditions are rather general throughout the United States. One effective means of raising these standards for qualifications to hold office is to require all candidates to be examined by a state civil service commission. Minimum passing grades based on a written examination, a record of experience and training, and for some offices a personal interview, could be established for each office and all candidates required to obtain such grades or better before being allowed to file their candidacy.

Short terms of office are also a large factor in the lack of training and experience of county officers. Increasing terms of office to at least four years where the terms are now only two years would reduce the high rate of turnover and the too frequent induction of inexperienced men into office.

A sufficient volume of work for each office to operate efficiently could be secured principally by eliminating the present extreme departmentalization in county government, thus reducing the number of independent, elective, administrative offices and putting the affairs of the county under the direction of one chief executive. The county manager plan is an effective means of accomplishing this, and its marked success where it has been given a fair trial illustrates the advantages of a coördinated and responsible government. Consolidation of some of the smaller counties is another possible means of securing an adequate volume of work for each office. However, if county consolidation is to be most effective, a change should first be made in county internal organization. This change should be the replacement of the present numerous independent and uncoördinated elective offices by three or four functional units (departments of records, finance, public works, and public welfare), well coördinated and directed by a chief executive.

TABLE I

RELATIVE EFFICIENCY (LABOR COST PER UNIT OF WORK) FOR VARIOUS CLASS COUNTIES IN MONTANA, BY PRINCIPAL OFFICES

Class of County	No. Counties	Labor Costs Per Unit of Work in Per Cent of State Average						
		Clerk & Recorder	Treasurer	Assessor	Clerk of Court	Sheriff	County Supt.	All Offices
First	0							
Second	1	102.2	115.2	74.9	73.3	77.0	92.3	88.0
Third	1	126.2	114.1	97.3	113.9	70.8	139.2	105.4
Fourth	2	100.4	133.9	74.7	57.4	44.7	119.0	86.1
Fifth	5	84.7	86.5	99.7	71.4	75.0	89.8	83.9
Sixth	20	109.1	95.1	101.1	113.8	112.9	94.8	105.0
Large Seventh[a]	12	88.4	108.4	106.5	132.6	139.9	102.4	113.3
Small Seventh[b]	15	116.4	96.5	133.2	182.0	196.2	109.5	143.4

[a] Those having taxable valuation of over $4,000,000 but less than $5,000,000.
[b] Those having a taxable valuation of less than $4,000,000.

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[5] The only requirements which an individual must meet to be eligible to hold county office in Montana are: (1) He must have reached his twenty-first birthday, (2) be a citizen of the state, and (3) be a voter in the county in which the duties are to be exercised. In addition to these the county attorney, superintendent of schools, and the surveyor must meet special requirements such as legal training, school teaching experience, and engineering training, respectively. In the important offices such as sheriff, clerk and recorder, treasurer, assessor, etc., however, there are no special requirements of any kind. In a study conducted by the author in 1934, two-thirds of the 597 county officers studied had no previous county office experience of any kind; three-fourths had no previous experience as deputy; nearly three-fifths had no previous clerical experience; and two-thirds had no previous bookkeeping experience.

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Earning Power of Special Libraries

Value of library service appraised in dollars and cents

REBECCA B. RANKIN *Librarian, New York Municipal Reference Library*

THE earning power of special libraries is one that has engaged the attention of librarians from its beginning. But it has been a question which was and is difficult to answer. In fact, it is pretty generally conceded that it is impossible to estimate the earning powers of special libraries in dollars and cents returned upon capital invested. A special library does not work through with raw materials, finishing, sales, and other departments to an ultimate profit which can be made to show on a balance sheet. However, it is at least possible for a special library to cite individual instances of service which can prove a library's intrinsic value to the company which operates it or to the clientele which profits from it.

The earning power of a special library really lies in its facility of always being ready to supply required and necessary information where it will do the most good at the right time and in the desired form. Now and then a direct profit can be traced to the use of such material furnished by a special library. An instance of this kind is cited by the Insurance Society of Boston when the representative of a large safety deposit company sought information on fireproof safes to be used in preparing advertising literature intended to persuade men to the use of vaults for the safekeeping of valuables. The unprejudiced facts obtained from the library "gave scientific authority for what otherwise would have seemed a questionable assumption." That information meant money to them, the company representative stated.

The same library reports that, at another time, the field representative of a fire insurance company was enabled by the library's help to locate in a certain law report a court decision which was exactly to the point in case and warded off expensive litigation. Again, we have here a service with definite dollar-and-cents value attached.

A library which concentrates its activities upon one subject, which devises methods of indexing this special material minutely, and which emphasizes the importance of producing facts quickly and with minute detail can often unearth facts which would ordinarily be overlooked. It is such service that may often have intrinsic value to the inquirer.

It is most often in the legal field and sometimes in engineering practice or in commercial ventures that special libraries are able to point to savings which their service has produced. The New York Municipal Reference Library can cite a number of notable instances where city officials have reported back the good results of some of its most intensive research.

An investigator of one of the engineering departments of the city was called in a case where a piece of property was being purchased for a certain engineering project. A price of $750,000 had been placed upon the land by the court. The engineer appeared as an expert witness and was enabled by use of scientific facts and concrete illustrations secured for him in the Municipal Reference Library to prove without a doubt that the value was too high and why. The result was a revaluation and the city actually paid $32,000 as the real value instead of $750,000 which previously had been established legally as the price the owner had a right to expect from the city.

Upon another occasion the city was sued for an enormous sum for damage done to a building privately owned which it was claimed had been the result of excavating under the foundations of the building. The proof of the private institution was a crack in the building. By diligent search, the Municipal Reference Library succeeded in producing a photograph which showed the crack in the building two years before the particular work had been done by the city, and also to point to conclusive proof that previous foundation work on a neighboring building might have been the real cause of the damage. Armed with these facts the city won its legal case and was actually saved one million dollars.

We can almost write a romance which hung on a string of research culminating in the Municipal Reference Library. A second son of a certain English Lord who knew no heritage was due him made his disappearance, fleeing to Canada. An upset skiff and a straw hat floating on the Thames one afternoon assured the parents that he had been drowned and he was much mourned. Meanwhile the youth enjoyed life in the new country and took unto himself a wife, coming to New York where the ceremony was performed by the Mayor —a common occurrence in those days. Some years later when the wandering son returned to England he found his older brother dead. The family insisted upon a marriage with a girl of their choice, likewise of peerage, although he told them he had a wife and child in America.

By the marriage in England there were three sons. The oldest of these sons later claimed a right to his father's title and heritage. At the same time the son of the marriage in America claimed the heritage. But how was he to prove he was a legitimate son and heir?

Lawyers were hired in London and in New York and a long search was made in an effort to produce such proof. For many years it was considered hopeless. There was a rumor that the grandparents had been assured that all evidence of the first marriage was destroyed before the second marriage took place. If proof could be found, a title and a fortune were involved. Naturally the search continued and it ended in the Municipal Reference Library where was located a stub or counterfoil of a receipt for a marriage license as written by hand years ago in the Mayor's office when the marriage ceremony between the New York woman and the English Lord took place in City Hall.

Such examples can only indicate in a meagre way the intrinsic value of library service. What it means to hundreds of city officials in their daily work, and to equal numbers of city employees who by the library's assistance, pass promotion examinations can never be estimated.

NEWS OF THE MONTH

NOTES AND EVENTS

Edited by H. M. Olmsted

City Manager Petitions in Reno and Trenton.— Utilizing a hitherto unused state law, citizens in Reno, Nevada, are demanding that their city council sign the death warrant of the present form of government and replace it with the city manager plan. A petition signed by 60 per cent of the "qualified electors" asking the city council to amend the city charter by resolution, giving effect to the city manager amendment set forth in the petition, has been filed with the city clerk.

According to the Nevada law, if the signatures are genuine, the council must accede to the wishes of the petitioners and the city manager plan must be put into effect without further procedure. The council has delayed action by referring the petition to the city attorney.

The committee canvassing all parts of the city obtained 5834 signatures, 267 more than required by the statute which provides that if a petition to the council, setting forth an amendment to the charter, bears the signatures of 60 per cent of the votes cast for justices of the supreme court at the last election preceding the filing of the petition, the council must, by resolution, put such amendment into effect.

A three-day canvass of registered voters in Trenton, N. J., obtained 5,500 signatures to a petition for an election on the city manager form of government, and it is hoped that, although that number is sufficient to authorize an election on that subject, the number of signatures will be tripled by further efforts. The date of the election is set as March 19. The movement is being sponsored by the Good Government League.

Chicago City Club Sponsors City Manager Movement and Legislative Program.— The City Club of Chicago is actively sponsoring a movement for the city manager plan in that city, and is also urging that the state legislature make it possible for any city in the state of Illinois to adopt the city manager plan by popular referendum in such city. At present only small cities and villages have this right, and action by the legislature is necessary before Chicago or other large cities can avail themselves of the benefits of modern and efficient city government as represented by the city manager plan.

The City Club has invited all interested persons and organizations to join with it in furtherance of this method of improving the government of the city. It is advocating the abolition of the ward system and the city primary election and the establishment of a full-time city council of ten to fifteen members nominated by a petition and elected by proportional representation. The popular election of administrative officials would also be discontinued. The Club also recommends revision of the budget laws to provide for full public information, more effective administration and an independent audit. Eventual consolidation with the city government of various municipal activities now wholly or partly independent is also urged.

The Club is also advocating a state legislative program covering constitutional revision, extension and improvement of the merit system, social insurance, consolidation of local governments, the placing of public school finances on an adequate and stable basis, reorganization of the Chicago Board of Education, the establishment of a central financial agency in the city of Chicago, permanent registration, the examination and registration of motor-vehicle drivers, better control of exempt property, improved liquor regulations, a state police force, revision of the criminal code and registration of firearms. This program is set forth in a leaflet dated February 11.

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Syracuse Planning a Manager Campaign.—A Citizens League has been formed in Syracuse and is obtaining signatures to a petition for "Plan C." The number of signatures required is two thousand and they were obtained within twenty-four hours. However, the petitions will be circulated until between twenty and thirty thousand names are obtained. The petition will be presented so as to compel the city council under the terms of the law to order a special election in June. Plan C is an optional council-manager plan already in use in a number of cities in New York State.

The mayor of the city created a charter revision committee when it was apparent that a movement for a charter change was gaining ground. It is pledged to bring in a report in such a way that even if the city council accepts it and puts it upon the ballot, as councils have the power to do in New York State, there will be no change in the form of the government until January 1938; if Plan C is adopted the change takes place in January 1936. The plea is made by the Charter Revision Committee that Plan C does not provide for a nonpartisan system of election, nor for P. R. The reply of the Citizens League is that two years of mayor-council government is a heavy price to pay for these, and that the League will elect a council under Plan C which will not only put them in by amendment, but will include other improvements.

Whatever the outcome, Syracuse—by means of newspapers, meetings, radio, and pamphlets—is being given an intensive course in the principles and practice of municipal government.

Walter J. Millard

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Indiana Supreme Court Resuscitates Constitutional Amendments.— Late in January the Indiana Supreme Court rendered a decision that proposed amendments to the constitution submitted to popular vote are not required to obtain a majority of the total votes at the election, but need only receive a majority of the votes cast on each amendment. This decision has the effect of reviving several important amendments which have been voted upon in the past, but supposedly were defeated. One of them permits the state to levy a net income tax. According to the Indianapolis *Star* the court's ruling will also dispose of many registration difficulties and make possible legislation to improve the requirements for the practice of law, but will, on the other hand, cause various complications in other directions.

The court also declared constitutional the gross income tax and intangible taxes enacted in 1933.

*

International Housing Congress.—The International Housing Association will hold an international housing congress in Prague, Czecho-Slovakia, June 23-30, 1935, where special attention will be given to the topics of slum clearance and the housing of unemployed and short-term workers. An exhibit of slum clearance plans will be shown and a tour of Czecho-Slovakia will be arranged for the study of slum clearance, modern architecture, and other aspects of housing.

*

Preparing Engineers for Governmental Service.—Several schools of engineering in the country have decided to add special courses to their curricula for the purpose of teaching engineers, looking toward the public service field, something about governmental operation, according to the February issue of the *Public Works Engineers News Letter,* bulletin issued by the joint secretariat of the American Society of Municipal Engineers and the International Association of Public Works Officials.

Purdue University has announced a new curriculum in public service engineering, beginning in September 1935. It is designed not only to give engineers expecting to enter the public works field a better grounding in government procedure, but also to prepare students who plan to enter the political side of government.

Graduate engineering students at the California Institute of Technology will in the future be given a twelve-weeks' course dealing especially with the administration of state and local government.

New York University has had a public works curriculum in its engineering school for several years. This course is meant especially to train engineering students how to deal with public service problems. At Syracuse University the purpose is reversed. Students in public administration take courses in engineering as a part of their training.

With similar coördinated instruction in mind, the Institute for Training in Municipal Administration in Chicago has announced an extension course in public works administration for officials already on the job who want to learn the latest techniques.

*

Women Voters Declare for Trained Public Personnel and for Tax Reorganization.—Ten thousand legislators and other public officials throughout the country received early in February a declaration of the National League of Women Voters and its state and local branches that American life is seriously menaced unless there is permanent trained personnel in government and tax readjustments to provide needed revenues for essential government services. The leagues announced their pledge to campaign for two years for "standards of professional quality" in government service, and also for "reorganization of local, state, and national tax systems".

*

New York City's Huge Works Program Emphasizes Planning Need.—Mayor F. H. LaGuardia of New York City has laid before the national administration a proposed program of public works in his city totalling one billion dollars, with a request for federal financing at a nominal rate of interest. Meanwhile, he is advocating the establishment in the New York City government of a permanent city planning division to prepare a master plan for the metropolis.

"The works program and the plan are not directly connected," according to R. L. Duffus in discussing the two in the New York *Times* for February 17. "But the difficulties encountered in laying out a sound pattern of municipal improvements have reinforced existing sentiment in favor of centralized control of the city's physical development.

"This point is emphasized by a consideration of some of the items on the Mayor's list. A number of these were also to be found in the recommendations made by the Committee on Regional Plan and its successor, the Regional Plan Association, both private organizations which have coöperated on a nonpartisan basis of expert service with political agencies within the New York region. . .

"Despite the attention locally given to planning, however, New York City has lagged behind the procession of great American metropolises in unifying its separate projects around a coherent, city-wide and official scheme. . .

"For almost a year the present (unsalaried) advisory committee has been working toward the preparation of a master plan. Since July 1 it has had the aid of a force of about one hundred draftsmen and other technical assistants from the work-relief rolls. It has been aided in its labors by the Real Property Inventory prepared by the Housing Authority.

"The probability is that it will have its master plan ready about a year from next June. Such a plan, when accepted by the Board of Estimate, would furnish a complete program for the guidance of the city's material growth. . .

"The distinction between the proposed planning division and the existing committee is, as the Mayor explains, that the planning division would be permanent and that its function would be not to give advice but to work out a city pattern which would have the force of law.

"Apparently the planning division, as outlined, could be set up under the present city charter, but it is doubtful that without further legislation it could plan all the far-flung material activities of the city, including many which could not be shown on a map as defined in the present charter. A master plan, once formulated, could, however, be included in a new charter or in an amendment to the existing charter."

*

Philadelphia Committee for Efficiency and Economy.—The Eastern Pennsylvania Branch of the National Economy League has organized the "Philadelphia Committee", which is similar in organization, purpose, and plan of procedure to the "Efficiency and Economy Commission of Pittsburgh", organized by the Western Pennsylvania Branch of the League in response to a formal request by city council and the mayor. The Western Pennsylvania Branch is coöperating with the Eastern Pennsylvania Branch in the development of the Philadelphia project.

Unification of city and county government in Philadelphia, with coördination of all expenditures under one responsible authority, also constitutes one of the objectives of the committee. Although the city and county of Philadelphia are coterminous and the city provides the funds to cover county operation, such appropriations being part of the city budget, yet city officials do not have control over county expenditures.

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A Municipal Training Institute of New York State.—All of the municipal training schools for twenty-two groups of city and village officials which have been conducted during the last six years by the New York State Conference of Mayors and Other Municipal Officials, will hereafter be operated by the Municipal Training Institute of New York State, which has been granted a charter by the Board of Regents of the University of the State of New York. This is said to be the first institution of its kind in America.

The first training school conducted by the Institute was for city and village building inspectors. This was held in Albany on January 23, 24 and 25, 1935, with the following organizations coöperating: New York State Conference of Mayors and Other Municipal Officials, New York State Department of Labor, New York State Board of Housing, New York State Association of Building Inspection Officials. The school was attended by forty-five municipal building inspectors representing forty-two New York State cities and villages.

All of the training schools operated by the Municipal Training Institute of New York State will be directed by Albert H. Hall, Director of Training and Research of the New York State Conference of Mayors.

A school for park officials of the cities and villages of the state has been arranged tentatively for March. It is to be held in cooperation with the Mayors' Conference, New York State Council of Parks, and the state departments of conservation, education, and agriculture and markets. A school for sewage works operators will be held in Albany in April in coöperation with the Mayors' Conference, New York State Department of Health and New York State Sewage Works Association. Also in April a school is planned for recreation officials, in which the National Recreation Association and the state Department of Education are expected to coöperate.

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Civil Service Assembly Makes Chicago Its Headquarters.—Establishment in Chicago of headquarters of the Civil Service Assembly of the United States and Canada was announced in February by Clifford N. Amsden, secretary of the civil service commission of Los Angeles County and president of the national civil service body. G. Lyle Belsley, at present director of personnel in the Farm Credit Administration, has been named executive director of the assembly and will take over his duties about April 1.

Revived interest in improving public personnel by use of the merit system is given as the reason for setting up new headquarters of the assembly, which for the past four years has been functioning only through regional conferences. The assembly now plans to serve as a clearing house for information on public personnel administration and to promote the study, development and use of scientific methods of research and administration in the public personnel field. The office will be in close proximity to the Public Administration Clearing House and fifteen other national organizations interested in governmental business.

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Tax-Exemption Policies to be Examined.—The announcement is made by Albert W. Noonan, assistant executive director of the National Association of Tax Assessing Officers, Chicago, that a survey of tax-exemption laws of the forty-eight states will be made by the Association, to determine what changes in policy are taking place with regard to putting back on the tax-rolls property that for some time has enjoyed exemption.

Mr. Noonan states that many assessing officials are encountering the demand that traditional property exemptions of doubtful legality be re-examined, with doubts being resolved against the owner, instead of in his favor, as heretofore.

New York City is in the midst of a campaign to put exempt property, amounting to $20,000,000 in value, back on the tax-rolls. Other cities, checking on their tax-exempt property, are finding that they are "losing" appreciable sums in taxes each year. A recent check of tax-exempt real estate in Milwaukee revealed that the total of the publicly-owned exempt property amounts to nearly 157 million dollars, while the total of privately-owned exempt property is well over 57 million. A total of 16.4 per cent of all real property in this city is exempt from taxation.

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City Sales Taxes.—Although New York City has adopted a 2 per cent retail sales tax, which went into effect shortly before Christmas and will continue during the current year, with an expected yield of $40,000,000, other cities look askance upon this much criticized form of taxation. It has been turned down by Philadelphia, Los Angeles, Minneapolis, Cleveland, Akron, and Miami. Daytona Beach, Florida, however, has adopted a general retail sales tax of 3 per cent to meet operating expenses for 1935, and Atlanta, Ga., is considering a similar tax for school purposes.

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Relative Yields of State Income Taxes.—A study by James W. Martin, director of the Interstate Commission on Conflicting Taxation, reveals enormous differences in the yield of state income taxes in different states. New York, with high per capita wealth and moderate income tax rates, obtained $5.60 per capita from the state income tax, while Mississippi with high tax rates but low per capita wealth collected only 13c per capita. Delaware, with considerably lower income tax rates than Arkansas but having twice the per capita wealth, collected seventy times as much per capita as the latter state. State income taxes have yielded more in the depression years than has been generally supposed. The average revenue in the past three or four years, according to Mr. Martin, has been only about one-quarter less than it was during the boom period.

COUNTY AND TOWNSHIP GOVERNMENT

Edited by Paul W. Wager

Georgia—General Assembly to Consider County Bills.—On January 23, the Georgia General Assembly completed the ten-day organization session. The regular sixty-day session began immediately.

So far many bills have been introduced relating to county government. One bill would reorganize rather completely Glynn County. The number of county commissioners would be reduced from seven to three, the offices of receiver and collector consolidated, the fee system abolished and salaries reduced. The chairman of the county board would be, in effect, the mayor of the city of Brunswick.

Other bills would limit all county and city tax rates, provide home rule for local governments, abolish the county as a representative district by substituting a unicameral legislature of fifty members for a bicameral one of 256 members, exempt from taxes and debts (certain exceptions in the case of the latter) homes assessed at $5,000 or less and personal property at $500 or less. The loss of revenue incurred by this last act would be offset by a 5 per cent general sales tax and a lower exemption in the case of the income and inheritance taxes.

A committee of the County Commissioners Association has already established headquarters in Atlanta with the avowed intention of fighting the $5,000 exemption bill claiming county services would be wrecked and many counties bankrupted. This same group will support measures designed to shift the cost of schools, highways, and health services to the state and provide optional forms of county government.

J. Thomas Askew

University of Georgia

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Texas—Additional Gasoline Tax Proposed to Retire County Road Bonds.—Under a proposed bill to be presented to the Forty-fourth Texas legislature, a state board of county and district road indebtedness would take over the bonds on all county roads. This action would be accompanied by an increase in the state gasoline tax of one cent, the receipts from this to be used for the retirement of the bonds. A constitutional amendment would then be submitted to the people providing for the assumption by the state of all road bonds at reduced interest rates, such assumed bonds to be payable only from motor fuel taxes.

Basing their arguments for the hike in gasoline taxes on the benefit theory of distribution, the advocates of the measure hold that there can be no relation between the cost to property owners and the benefits to them from road construction; hence the automobile owners should carry the burden. They show that the average tax rate throughout the state for road bonds alone is approximately 45c on the $100 valuation, and they maintain that adoption of the program would be followed by an immediate and appreciable reduction in the ad valorem tax rate over the state. Under the relief act of 1932 the state set aside a part of the gasoline tax to take over the county indebtedness on state highways, but the revenue was not sufficient. As a result no more than 30 to 50 per cent of this debt has been assumed by the state.

Roscoe C. Martin

University of Texas

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Wisconsin—Milwaukee City and County Consolidation.—Five plans for combining the offices of Milwaukee city aldermen and Milwaukee county supervisors, to carry out the recent mandate of the voters for the consolidation of the city and county governments, are now before the city-county consolidation committee. All of these plans were submitted to the committee by City Attorney Max Raskin, who held that the plan drawn up by the sub-committee on legal problems was unconstitutional.

All five plans provide for the election of sixteen aldermen from the city of Milwaukee, either by wards or at large, and four supervisors from outside the city, also to be elected either by districts or at large.

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Pennsylvania — City-County Consolidation in Allegheny County.—A solution of the difficult problem of consolidating the governments of the city of Pittsburgh and of the county of Allegheny in which the city lies was recognized to be an "impossibility" by the People's Metropolitan Commission of Allegheny County early in February.

That body heard for the first time the report of a subcommittee of lawyers on the specific results that might be accomplished legally under the 1933 state constitutional amendment authorizing the creation of a metropolitan or consolidated city of Pittsburgh. The report of the subcommittee's findings provides a commentary on the question of what powers of a municipality are "substantial powers".

By the aforesaid amendment to the Pennsylvania constitution, it is provided: "The general assembly is hereby authorized to provide for the consolidation of the county, poor districts, cities, boroughs, and townships of the county of Allegheny, and the offices thereof, into a consolidated city and county, with the constitutional and legal capacity of a municipal corporation, to be known as the (City of Pittsburgh) and to provide for a charter for its government and to fix the name thereof in the charter. . . . Provided, however, that it is the intent of this section that substantial powers be reserved to the cities, boroughs, and townships situated in Allegheny County."

Allegheny County contains one second class city, third class cities, boroughs, and first and second class townships, in addition to a poor district.

Specifically, these municipalities retain constitutionally the powers of taxation, construction of local improvements, police and fire regulation, and such powers as were not specifically to be granted by the charter to the consolidated city. Under this amendment, it thus became an interesting question of constitutional and municipal law how far any proposed charter for a consolidated city could go without having its provisions at some future time declared unconstitutional.

The limitations were apparent. The people's commission set up by the county commissioners was faced with these constitutional limitations at the outset of its deliberations. The commission had to decide if it was worth while to have a consolidated city limited as its powers necessarily would be by the constitutional amendment quoted above.

In view of the fact that the third class cities, the boroughs and the townships in the county were to retain the power to tax, to operate public works, to take care of public safety, and to elect their own officials, it became questionable whether the powers of such a consolidated city would be substantial in any degree. Any consolidation to be effected ought to bring about "much needed economy and greater efficiency in local government, together with the elimination of duplications," the commission felt.

The subcommittee of lawyers reported that, hampered by the provisions of the constitutional amendment of 1933, a metropolitan city charter could accomplish the following results: (1) Merge the county poor district with the county government, (2) provide for election of commissioners to govern the city, (3) establish an effective civil service system, (4) abolish existing but unnecessary county offices, (5) create special districts to carry out improvements not for the exclusive benefit of any one municipality, and levying special taxes thereon, and (6) maintain such works and utilities as the subordinate municipalities have no power themselves to maintain.

The power to "create special districts to carry out improvements not for the exclusive benefit of any one municipality, borough or township," it seems clear, is a power which a county government as now organized could carry out. So also, as far as concerns civil service.

Now with the decision reached that nothing proportionately worth while can be accomplished under the present state constitution, the commission is proceeding to frame an ideal charter for a metropolitan city. The way can thus be paved toward provisions capable of being included in any new constitution which may come.

Meanwhile in the state legislature, legislators have presented a bill to give Pittsburgh a city-manager form of government and also the administration's bill calling for election of delegates to a constitutional convention to be called this year. It is through this convention that the metropolitan commission hopes to find the opening to bring about a consolidation of Pittsburgh and Allegheny county that will give substantial powers of government to the city over a county-wide area.

William C. Pettit
Member, Pittsburgh Bar

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Indiana—Further Reorganization Recommended.—The report of the Indiana State Committee on Governmental Economy was presented to the general assembly by the governor February 15. The bipartisan committee of ten members was authorized to make a study of the governmental situation in Indiana by the 1933 session of the assembly. It was not brought into being, however, until January 1934, when its members were appointed by the governor. Because of the short time available before the meeting of the present session, the committee restricted the scope of its inquiry and study.

The preparation of the individual studies contained in the report was done almost entirely by members of the instructional staffs of Indiana and Purdue Universities. Aid was extended to these men by the members of the staffs of several of the other colleges in the state and by state officials. The clerical work of the committee was furnished largely through funds allotted by the FERA.

The committee felt that integration had probably been carried too far by the reorganization act of 1933 and they recommend, therefore, that the number of administrative departments be increased from eight to thirteen. It is recommended that the practices of budgetary control and financial administration now followed be strengthened and extended.

The problem of county and township government occupied a great deal of the attention of the committee. Many detailed recommendations are made. The principles behind the recommendations are that responsibility in county government be centralized and that the functions of these two units be integrated.

The principles of centralization and integration characterize the recommendations concerning both public welfare and public education. In both functions responsibility and control have been allowed to become diffused. The committee recommends that the control of the state departments be extended to reach these functions whether performed by the state, the county, or the township.

The committee found that justice was being administered uneconomically because of the existence of too many and too unequally loaded courts. A complete new list of circuits is recommended to distribute more equally the work of the circuit judges. Many changes are recommend in both criminal and civil procedure to expedite justice. The committee also recommends the establishment of a non-political state police system to which would be transferred the police powers of the county sheriffs and their deputies.

It is recommended that the state gradually assume the responsibility for all highways in the state and that a conscious effort be made to coördinate the various forms of transportation facilities.

Among the miscellaneous recommendations the most outstanding are those to codify municipal law, the drafting and the enactment of a state and a county administrative code, and the establishing of a permanent research agency for governmental problems to continue the work of the Committee.

Max M. Sappenfield

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Proposed County Legislation.—Among the measures recently introduced into the various state legislatures now sitting are the following:

A resolution has been placed before the legislature of Maine empowering and directing the governor to appoint a committee of seven legislators—three from the senate and four from the house—"to study the advisability of changes in the county system of government, and report their recommendations to the 88th legislature." The resolution also calls for an appropriation of $500 for the expenses of the committee.

In Wisconsin a bill has been introduced into the legislature providing "permissive legislation for the consolidation of counties." The League of Women Voters is actively behind this measure.

In California legislation has been asked providing for the establishment of a commission to study efficiency and economy in local government.

A county home rule amendment to the constitution, similar to that which the voters defeated at the polls in November (see the National Municipal Review for December 1934) has been introduced in the Michigan legislature.

In Washington an amendment has been proposed to the constitution to "authorize and direct the legislature to provide for the formation of combined city and county municipal corporations".

The Pennsylvania legislature has before it two amendments to the constitution dealing with a more complete consolidation of the city and county of Philadelphia.

The Oklahoma legislature has before it a bill providing for a constitutional amendment permitting counties to adopt the manager plan.

A bill regulating county and state purchasing has been introduced in Iowa. It centralizes all county buying under one official.

TAXATION AND GOVERNMENT

Edited by Wade S. Smith

Taxes and the 42 State Legislatures.—Indicative of the efforts of the state legislators to meet the varied demands for tax relief is the host of bills—good, bad, and indifferent—which they have introduced into the sessions of the forty-two state legislatures during the past two months. Though the fate of many of the bills is uncertain as this is written, their content is both interesting and significant.

Perhaps the most surprising trend is that indicated by the number of bills providing for the exemption of homesteads from ad valorem property taxation, either by statute or by constitutional amendment. Seventeen states have seen such measures introduced—Alabama, Arkansas, California, Georgia, Illinois, Iowa, Kansas, Massachusetts, Michigan, Missouri, Nebraska, New Mexico, New York, South Dakota, Texas, Washington, and West Virginia. In a number of the states half a dozen or more bills of this type are pending. The Michigan bill would exempt "homesteads over $5,000 of persons over sixty-five who have lived on them for five years and qualify for old-age pensions". The New York bill would exempt improvements on land up to $5,000 per family if occupied by not more than two families, the owner to pay a tax on the land double the rate for local taxation. One of the Texas bills would provide for exemption for three years of improvements put on lands during that period. Several of the bills provide for exemption of personal property up to a certain amount, also, as well as differentiating between farm and urban property. The New Mexico bill, which was signed by the governor February 1, is the only one of these measures which has become law at this writing. It exempts from the property tax all homesteads up to the value of $2,500.

Efforts to secure tax limitation laws of course continue. Seven states have such proposals before them: Arizona (1 per cent statutory limit), Illinois, (1 per cent statutory limit, exclusive of judgments and debt, also a proposed constitutional amendment imposing an aggregate 1 per cent limit), Massachusetts (an amendment to permit tax limitation), Minnesota (statute providing for limitations on a per capita and millage rate basis for different jurisdictions and population groups, and a proposed constitutional amendment imposing a limit of 1.2 per cent of full value), New York (proposed constitutional amendment abolishing state property tax and limiting local tax on real property including debt service to 2 per cent of true value), Pennsylvania (statute to limit school levies to 4 mills), and West Virginia (proposed constitutional amendment imposing rate limitation, in connection with proposed homestead exemption). In the California legislature a constitutional amendment is proposed prohibiting all ad valorem taxation of real estate.

OTHER QUESTIONABLE BILLS

Extensions of sale dates, remissions of penalties, extension of periods for redemption, and kindred "relief" measures similarly continue to find favor with the people's representatives. Bills looking to these ends are before twenty-one legislatures at this time, while several have been enacted.

Arkansas approved February 2 a bill extending the right of redemption on land forfeitures to October, 1935, by paying one year's tax. Indiana approved January 17 a bill providing for postponement of tax sales during 1935 so far as the delinquent lists of December, 1934, are concerned; if the 1934 taxes are paid in 1935, such lands shall not be offered in 1936. A bill was approved in Texas January 25 releasing penalties and interest on delinquent taxes as of that date. Utah approved a bill January 21 extending the time for redemption of 1928-29-30 taxes, when certificate is held by the county, to April 1, 1935, at the same time reducing the amount required for such redemption. A bill to extend the period for redemption of property sold for taxes to eight years was killed by the South Dakota legislature.

Bills proposed in California would extend the redemption period after sale, and also provide for a moratorium on tax delinquencies. A Connecticut bill would rebate interest and penalties on taxes paid in full before October 1, and fix a maximum interest of 7 per cent on taxes due. Idaho would extend the period for redeeming 1928-33 taxes. Iowa would provide a three-year moratorium on tax sales of properties used as homesteads. Massachusetts would abate and abolish penalties and interest on unpaid taxes, and also extend the date when liens for 1935 taxes attach. New Jersey would reduce penalties to 4 per cent for the first year and 6 per cent thereafter. New Mexico would remit interest and penalties if tax arrears are paid by June 15, 1935, the measure already having passed the senate. North Dakota would cancel all taxes on homesteads prior to 1934. Oklahoma would waive all penalties for 1933 and prior years' delinquencies, in a measure already passed by the senate. A number of bills in Pennsylvania would abate penalties and interest. Tennessee would postpone tax sales, as well as reduce or repeal entirely penalties on delinquent taxes. A constitutional amendment to abolish penalties is also proposed. West Virginia would extend the redemption time for forfeited lands, as well as cancel delinquent 1932 taxes altogether. Wisconsin would authorize cities, villages, and towns to extend the time for payment of 1934 taxes to persons unable to pay.

Even a brief description of some of these measures indicates that there is much grain among the chaff, and in several instances the previous legislative history of the state makes the adoption of the more unwise seem highly unlikely. Much definitely constructive legislation has been introduced, also.

CONSTRUCTIVE PROPOSALS ALSO

Twenty-seven of the states are considering legislation to alter or systematize assessment and collection procedure. Alabama would create a state tax commission of three members. Arizona would extend permanently its provisions for semiannual payment of taxes. California would speed up the procedure for the sale of tax delinquent property. Colorado would allow part payment after sale and before deed issues, allow discounts for prompt payment, and provide for payment of current taxes in quarterly installments. Georgia would amend the constitution to permit the classification of property for taxation. Idaho would set up discounts for prepayment. Illinois would permit installment payments. Kansas would provide three instead of four publications of delinquent tax lists, and also amend the constitution "for a system of taxation instead of a uniform rate and classification of intangibles."

Maine would have tax notices and demands served like writs. Massachusetts would provide a temporary process for redemption from mortgage and tax lien foreclosures. Minnesota would allow the county treasurer to act as receiver for delinquent properties until the taxes are paid. Montana would classify all taxable property. Nebraska would allow the appointment of receivers in foreclosures of tax liens. New York would allow village trustees to accept installment payments, as well as require real estate appraisers to obtain state licenses. North Carolina's governor would see existing foreclosure laws clarified, but at this writing the bills have not yet been introduced. Oregon would provide installment or part payments, and also allow the delinquent taxpayer to work off his indebtedness. Pennsylvania would make tax sales mandatory during February 1935, and also authorize cities and school districts of the first class to impose penalties and interest on delinquent taxes. Texas would require taxes on real property to be equal and uniform, would make the lien for property taxes superior to all others beginning January 1 annually, and also amend the constitution to strike out the provisions for ad valorem taxes and instead empower the legislature to enact laws to raise revenue for governmental purposes. Utah would provide for installment payments and for discounts for prepayment.

Turning away from measures relating to the property tax, the picture is somewhat clearer, particularly as to sales and income taxes.

NEW REVENUES PROPOSED

Colorado adopted a sales tax February 2, effective March 1. It is a levy of 2 per cent on retail sales. Retailers will be licensed under the law. Bills to provide sales taxes by constitutional amendment or by statute are before the legislatures in nine states—Alabama, Arkansas, Georgia, Indiana, Maine, Minnesota, New Jersey, Tennessee and Texas. In West Virginia a bill to repeal the present gross sales tax law is also pending. Rates proposed vary from 1 to 2 per cent, though the majority propose 2 per cent.

Personal income tax proposals are before twelve legislatures—California, Colorado, Illinois, Delaware, Indiana, Maryland, Michigan, Massachusetts, Pennsylvania (for schools as an emergency measure), South Dakota, Washington, and West Virginia. Governor Hoffman of New Jersey recommended a personal income tax, as well as a sales tax, but the income tax bill has not been introduced at this writing.

More or less urgent appeals for readjustment of the state and local tax systems have been included in the messages of the governors of Arkansas, Colorado, Connecticut, Massachusetts, Minnesota, Nevada, New Jersey, North Carolina, Ohio, Oklahoma, Oregon, Pennsylvania, South Carolina, Utah, Washington, and Wisconsin. Very thorough studies have been instituted by several of the governors, particularly into real estate taxation and delinquency, which if followed through by the legislators will result in a wholesale revision of property tax administration and in some instances of the entire tax system. For the legislators themselves, it may truthfully be said that immediate relief is the dominant desire of many of their constituents, so that it is hardly to be wondered that some of the measures show signs of haste and "political necessity".

Legislatures will meet before June in all the states except Kentucky, Louisiana, Mississippi, and Virginia. More bills can of course be expected before the sessions draw to a close, but in spite of the fact that many of the pending measures are decidedly unwise, such weaknesses are somewhat overbalanced by sincere and sanely contrived bills the adoption of which will materially improve the entire tax picture.

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"Good" Tax Collection Laws Mean "Good" Tax Collections.— Need for the recommended legislation expected shortly from the National Municipal League's Committee on a Model Tax Collection Law is shown strikingly when recent current delinquency ratios are compared with the laws under which collection was attempted.

Restricting the field for comparison arbitrarily to those points most basic in enforcing payment, the following criteria were used to establish what might be termed a "good" tax collection law: First, penalties equal to 6 per cent or more per year, or equivalent interest; second, a relatively short period from the date tax is due to the date tax is delinquent; third, sale of the property, lien, or tax certificate within one year of tax delinquency; and fourth, no remissions or postponements of penalties, sales, etc.

The limitations of these criteria are obvious.

They do not reflect the efficiency of administration or calibre of personnel, nor do they take into account other important considerations. They are, however, four points upon which observers are agreed that collections are most likely to depend, and they have the added virtue of being easily compared on a state-wide basis, since they are usually controlled by state rather than local legislation, at least within fairly narrow limits.

Twenty-one of the states met the conditions set up in the criteria and were classified for simplicity's sake as having "good" law on these four points. Five states deviated from the criteria in minor respects deemed not to impair more than slightly the desired standard, and were classified as having "fair" law. Twenty-two states fell below the criteria, and were classified as having "poor" law.

The latest figures on tax delinquency on a nation-wide basis are for the levies due and becoming delinquent 1932-33, as compiled recently by the Division of Real Estate Taxation of the Bureau of the Census. The data are for state and local levies, and while subject to variations, are sufficiently comparable for general purposes. Figures show the average state-wide ratio of delinquency for the levies at the time payments became overdue. The ratio of 20 per cent delinquency was arbitrarily selected as the line of demarcation between tolerable and unsatisfactory collections. While subject to attack, this figure coincides closely with the national average by states (20.5 per cent), and seems on the whole reasonable.

The distribution of the state and the average delinquency as given by the Census Bureau figures are as follows:

States With "Good" Law

Alabama	11.5%	Montana	18.5%
Arkansas	20. %	Nevada	7.5%
California	12.5%	New Hampshire	17. %
Colorado	18. %	*Oklahoma*	25.5%
Connecticut	10. %	*South Carolina*	27. %
Delaware	14.5%	*Texas*	28. %
Iowa	14. %	Virginia	15.5%
Louisiana	7. %	*Washington*	29.5%
Maine	10. %	West Virginia	18.5%
Maryland	16. %	Wyoming	8. %
Massachusetts	6. %		

States With "Fair" Law

Georgia	13.5%	New Mexico	17. %
Idaho	28.5%	New York	12.5%
Nebraska	14.5%		

States With "Poor" Law

Arizona	24. %	North Carolina	23.5%
Florida	36. %	North Dakota	37.5%
Illinois	37. %	Ohio	26. %
Indiana	28. %	Oregon	34. %
Kansas	14. %	Pennsylvania	23. %
Kentucky	11. %	*Rhode Island*	17.5%
Michigan	40.5%	*South Dakota*	19. %
Minnesota	20. %	*Tennessee*	18. %
Mississippi	12. %	Utah	22.5%
Missouri	23.5%	*Vermont*	10. %
New Jersey	19.2%	Wisconsin	30.5%

Note: States whose delinquency ratio throws them out of conformity with the trend in the group are indicated with *italics.*

It will be noted that of the twenty-one states with "good" law, only four had delinquency ratios in excess of 20 per cent, while only one of the five states with "fair" law had a delinquency ratio in excess of 20 per cent. On the other hand, of the twenty-two "poor" law states, fourteen had delinquency ratios in excess of 20 per cent.

Putting it another way, of the nineteen states with delinquency in excess of 20 per cent, all but four had laws deficient in respect to the four criteria, while of the twenty-nine states with delinquency ratios less than 20 per cent, twenty-one had satisfactory laws with respect to the criteria.

Moreover, in respect to the states in the "poor" law group having satisfactory tax collections, at least four of the eight have in effect other provisions or practices which to some extent offset the deficiencies on the four points enumerated, while contrary considerations hold true with respect to the states in the "good" law group with unsatisfactory delinquency ratios. It seems likely that were the criteria extended to cover all collection provisions, the relation between law and delinquency would be even more striking.

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Gold Decision Favorable to Cities.—Danger that American municipalities might be required to pay back $1,690 for each $1,000 bond contracted was removed by the decision of the United States Supreme Court when on February 18 it sustained the Congress in its power to revalue the currency.

Pertinent sections from the "private bond cases" decision follow:

"The devaluation of the dollar placed the domestic economy upon a new basis. In the currency as thus provided, states and municipalities must receive their taxes. . . . The income out of which they must meet their obligations is determined by the new standard.

"Yet, according to the contentions before us, while that income is thus controlled by law, their indebtedness on their 'gold bonds' must be met by an amount of currency determined by the former gold standard. Their receipts, in this view, would be fixed on one basis; their interest charges, and the principal of their obligations, on another.

"It is common knowledge that the bonds issued by these obligors have generally contained gold clauses, and presumably they account for a large part of the outstanding obligations of that sort.

"We are concerned with the constitutional power of the Congress over the monetary system of the country. . . . The contention that these gold clauses are valid contracts and cannot be struck down proceeds upon the assumption that private parties, and the states and municipalities, may make and enforce contracts which may limit that authority. . . . We think that it is clearly shown that these clauses interfere with the exertion of the power granted to the Congress. . . ."

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Legislators Study Conflicting Taxation.—The Second Interstate Assembly, meeting at Washington, D. C., February 28-March 2, under the sponsorship of the American Legislator's Association, will see presented the report of the Interstate Commission on Conflicting Taxation, formed as a result of the meeting two years ago of the Interstate Assembly. The report will be delivered by former State Senator Seabury C. Mastick of New York.

State legislators, representatives of the cities, and public and private agencies will be heard from at the sessions. Studies on conflicting taxation will be summarized, and a program for coöperating in untangling the conflicts in taxation through existing state agencies will probably be developed. Official delegates are expected from more than half the states, and many from other agencies and divisions as well.

PROPORTIONAL REPRESENTATION

Edited by George H. Hallett, Jr.

Philadelphians Trying for a Vote This Year.— The Philadelphia City Charter Committee is presenting again the bill to allow the nation's third city to vote on the adoption of a new charter based on the city manager plan with proportional representation, the charter which has been before the last three Pennsylvania legislatures with the backing of civic groups now totaling a quarter of a million members but which the Vare organization succeeded each year in keeping in committee. This year the political picture in city and state is greatly changed and the bill is conceded a much better chance of enactment.

If it should be approved, the city will vote either at a special election this spring (if one is called on the question of a constitutional convention) or at the September municipal primary. If the vote is favorable the first proportional representation election of the city council will be held in November, the regular time for the election of the full council, and the council so chosen will appoint a city manager at the end of Mayor Moore's term next January.

Among the organizations actively supporting the bill is the Philadelphia Committee of Seventy, which in 1919 sponsored the present Philadelphia city charter abolishing the earlier two-house council and making other advances. The Committee's annual dinner on February 21, addressed by Mayor Russell Wilson of Cincinnati, was the opening gun of this year's P.R.-manager campaign.

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Pittsburgh Bill Introduced Again.—Senator Frank J. Harris of Pittsburgh has introduced again in the Pennsylvania legislature the Pittsburgh city manager bill, including provision for election of the city council of nine members by proportional representation from the city at large if the plan is approved at the polls. The bill was prepared by the Civic Club of Allegheny County and resembles closely the bill which was held in committee in both houses two years ago by the then dominant Republican organization.

For the last two sessions such measures have had the active support of practically all the important civic bodies in Pittsburgh, from the Chamber of Commerce to the Central Labor Union, and of all three daily newspapers. Four years ago an optional P.R.-manager bill applying to all cities except Philadelphia (which had and still has a bill of its own) was sponsored by Representative Glenn Moore, administration leader of the House, and defeated by a close vote. Two years ago a special Pittsburgh bill was sponsored by Senator Harris, who is an independent Republican, and Representative John Kane, now a Democratic member of the Pittsburgh council. A motion to discharge the committee which was holding this bill in the house was supported solidly by the Democrats and by several Allegheny County Republicans.

Last fall the Democrats swept the county and the state. Their attitude under the changed conditions is still a matter of conjecture, but the party is strongly pledged to the principle of municipal home rule and could not consistently refuse a referendum vote on the adoption of the plan, which is what this bill and the corresponding Philadelphia bill provide. Because of the holdover members the Senate majority is still Republican, but with Senator Harris and several other Republican senators known to be favorable the bills should pass if the Democrats renew their support.

There has been much talk in Pittsburgh of a "ripper" city manager bill aimed at Mayor McNair, who has broken with the Democratic organization which nominated him, but the Harris bill allows all officers to serve out their terms. If the plan should be approved by the voters of Pittsburgh this fall, the mayor and the holdover members of the council would continue in office for two years more and the new members would be elected for a two-year term. In 1937 the entire council would be elected together by P. R. for a four-year term and would appoint the first city manager on assuming office in January 1938.

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Other Pennsylvania Municipalities.— The Municipal Charter Committee of Pennsylvania has recently re-introduced the bills making proportional representation and the manager plan separately available by petition and popular vote to all third-class cities and boroughs. Taken with the Philadelphia and Pittsburgh bills these constitute a complete program for all the municipalities covered in the Pennsylvania home rule amendment of 1922 (for which enabling legislation has never been enacted) with the single exception of Scranton. Whether Scranton will have a bill of its own this year has not been determined. Last session it was omitted because of unfavorable political conditions, though in Scranton as elsewhere there is substantial support for the city manager plan and P.R.

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Cleveland Reconsidering.— Council President Alexander De Maioribus has introduced in the Cleveland council a proposal to submit to the voters a charter amendment providing for the re-establishment of the city manager plan and for elections of the city council from the city at large, either by proportional representation or by majority vote as the council may provide.

Coming close on the decision of the county charter commission to submit a P.R.-manager county charter for Cuyahoga County, which includes Cleveland, this move in the city council is a significant indication of returning sentiment for the principles of the manager plan and P.R., which were abandoned in a close vote in 1931.

*

Charter Hearings in New York City.— The highly respected and broadly representative new city charter commission appointed by Mayor LaGuardia in January, with former Judge Thomas D. Thacher as chairman, commenced public hearings on February 18 and is proceeding with its preliminary studies with the aid of the same competent legal staff which served the old commission abolished by the legislature last summer.

Proportional representation continues to be the major charter proposal urged with most unanimity by civic organizations and leaders. It has been recommended to the new commission by the Citizens Union, the Merchants Association, the City Affairs Committee, the League of Women Voters, the Women's City Club, the Joint Committee of Teachers' Organizations, and the Socialist and City Fusion parties. The New York *American* is already crusading for it editorially along with the city manager plan, which is also supported by a number of the organizations mentioned above.

P.R., if submitted to the voters by the commission, must be submitted as a separate proposal under the terms of the charter commission law. Since even the old commission voted to do this by a 19 to 9 majority and since P.R. can be adopted or rejected without affecting the decision on the charter as a whole, it is confidently expected that the commission will submit it. The vote on the charter proposals may be either at the municipal election next fall or at a special election next year.

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P. R. in the Government of India Bill.— In new constitutions initiated within and passed by the British Parliament, such as the Government of Ireland Act, and in proposed constitutional changes such as bills for reform of the House of Lords, proportional representation almost inevitably finds a place. The Government of India bill is no exception to this rule. It contains several provisions for the use of proportional representation with the single transferable vote.

It is proposed that this system shall be used in the election of each of the two federal houses of parliament, both of which are indirectly elected bodies. The upper house, the council of state, will be elected by members of the legislative council in provinces with two houses of parliament, and from specially constituted electoral colleges in provinces with a single legislative chamber. In each provincial "constituency" the proportional system will be used. The federal house of assembly will be elected by the members of the legislative assembly of each province, and again in these elections the proportional system will be used.

Although these elections are of an indirect character, they constitute an important extension of the use of the proportional system, an extension which was recommended by the joint select committee and which will doubtless be sanctioned by both houses of the British Parliament. In practice it will mean that in all the provincial parliaments of British India, covering an area half as large as Europe, the members will be called upon from time to time to use the proportional system, and, as a consequence, all interested in the working of the new constitution will become familiar with this method of election and the purposes it is intended to serve.

His Majesty the King, in opening the first Round Table Conference, said: "I have in mind the just claims of majorities and minorities." The new bill gives effect to these words by assigning to the various communities—Hindu, Muhammadan, Sikh, and others—a specified number of seats. This division into communities is adhered to even in the indirect election of the federal legislature. It is recognized that the rigid division of the electors into communities has serious drawbacks. It has been adopted because the representatives of some of the communities insisted upon the precise safeguards which this system affords. A beginning could be made, if the Indian communities agreed, in getting away from this rigid division by making a fuller use of the proportional system in the indirect elections.

In any case, the provisions of the bill assure the representation of every substantial interest.

John H. Humphreys, *Secretary*
British P. R. Society

GOVERNMENTAL RESEARCH ASSOCIATION NOTES

Edited by Robert M. Paige

Des Moines Bureau of Municipal Research.— The Bureau is sponsoring a series of radio interviews with prominent Iowans on governmental matters over and by the courtesy of radio station WHO every other Monday night. The programs explain fundamental local and state governmental services, point out their shortcomings and suggest remedies, for the enlightenment of the ordinary taxpayer and pupils of the civics classes in schools and colleges. Among the subjects discussed have been the state old-age pension, conservation of natural resources, fire and police protection in cities and country, reorganization of state and county public welfare activities, etc.

The Bureau is devoting its entire attention to the present legislature and is pushing a program of economy and reorganization measures. Among these are proposals by the Interim Legislative Committee for a state safety department, centralized state and county welfare activities, centralized state and county purchasing, as well as certain measures suggested by the Bureau including four-year term for state, county, and city officials, a bill providing for a public bidder at scavenger tax sales, a bill to combine separate local tax publications into one publication in order that the taxpayer may be informed as to his total next year's taxes before levies are made, and various other measures.

In 1934 the city finance department and the Bureau combined in preparing an improved form for the monthly financial statement which will present a true picture of the city's financial situation and avoid "buried deficits". The Bureau has kept before the public the growing deficit incurred by the city which declines to confine expenditures to cash income.

The Bureau arranged a coöperative movement between local taxing subdivisions which with enabling legislation should result in salvaging about one-half of the two million dollar delinquent taxes eligible for scavenger sale in Polk County instead of losing practically the entire amount.

The Bureau is carefully analyzing information from other cities regarding the city manager plan and also has started a series of reports on unit costs of all local public activities.

C. A. Crosser, *Director*

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Institute of Public Administration.—The Institute is making a comprehensive survey of the government of Westchester County, New York. This survey will serve as a basic study for the revision of the Westchester County charter.

Luther Gulick, director of the Institute of Public Administration, is research director for the New York State Commission for the Revision of the Tax Laws. The report of the Commission, which will be delivered to the legislature at the 1935 session, will deal with the problems of county government in New York State. Howard P. Jones is assistant research director of the Commission; Lewis B. Sims, Paul Studenski, M. P. Catherwood, John J. Theobald, Audrey Davies, Lyle Chubb, and others, are members of the research staff.

Bruce Smith was appointed by Governor Lehman as a member of the New York State Law Revision Commission. Mr. Smith is also a member of the New York State Commission on the Administration of Justice. This Commission rendered a comprehensive report in 1934, but continues its work through its Committee on the Revision of the Code of Criminal Procedure.

Philip Cornick is making a study of tax delinquency in the entire county of Westchester based on an extensive case analysis of individual cases.

At the request of Secretary Morgenthau, A. E. Buck was loaned to the United States Government as technical adviser to the Bureau of the Budget during the preparation of the United States Budget for the fiscal year 1936. Mr. Buck has now returned to the Institute but will continue to give some time to the Treasury problems during 1935.

Luther Gulick is research director for the Commission of Inquiry on Public Service Personnel. The report of the Commission, entitled "Better Government Personnel," has recently been published by the McGraw-Hill Book Company. In addition to the report the Commission is publishing the Minutes of Evidence of the Hearings held in Washington, New York, Chicago, Minneapolis, St. Paul, Seattle, San Francisco, Los Angeles, and Richmond; and twelve monographs, including "A Bibliography of Civil Service and Personnel Administration," by Sarah Greer (Monograph 1), which is already published.

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Taxpayers League of St. Louis County, Inc. (Duluth).—During the past few months, in addition to the routine activity of maintaining an accurate knowledge of the affairs of the local governments and making such knowledge available to all persons and officials interested in the affairs of local government, the Taxpayers League has instituted a survey of the practices and policies of the Duluth public schools. In that connection it has issued a progress report pointing out the relatively high per pupil costs in Duluth and the necessity of working toward a smaller number of larger and better located elementary units in the interest of both education and economy. It has called to the attention of the board of education the fact that they were exceeding a 20-mill statutory limitation in the levy of taxes for the operation of schools. The League acted as respondent in a suit which resulted in a declaratory judgment establishing such limitation as binding upon the local school district.

The formerly occasional publication of a bulletin on a single subject under the general title *The Taxpayers Business* has been changed to a monthly paper carrying significant news items as well as articles demonstrating the need and the methods of making local government better and more effective.

Study has been given the problem of public debt and the decreasing proportion of local revenues that are available for operating purposes after debt payments have been made. The League recently went into court and was successful in preventing the city from adding additional bonds to the outstanding debt by attempting to issue bonds under emergency powers when in fact no "emergency" existed.

Sounder methods of county business are being advocated and attention is being called to the fact that this can be had only after thorough-going reform in the structure of county government. An organization chart of the existing St. Louis County government has been prepared in this connection.

M. W. DeWees, *Executive Secretary*

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Worcester Taxpayers Association.—The third year of work by the Worcester Taxpayers Association saw a reduction in property taxes in Worcester for the second successive year. Local property owners paid $9,700,000 in taxes in 1934, as compared with $10,292,000 in 1933, and $11,435,000 in 1932.

Full credit should be given to Mayor Mahoney and our city officials for their coöperation during the past two years in bringing relief to the taxpayers. True, we do not concede that every possible measure to bring about economy and efficiency in city affairs has been adopted. Much still remains to be done in the future in the way of permanent improvements in procedure. But supported by public opinion, organized and directed by this Association, the city government has not only prevented substantial tax increases during the past two years, but has relieved somewhat the burden of the taxpayer.

A few of the more important activities of the Association during 1934 may be summarized as follows:

Faced with the prospect of a substantial tax increase early in 1934, we circularized our 12,000 members and directed a strong popular demand for continued economy toward city hall. We opposed restoration of salary reductions as unjustified either by the cost of living or the condition of the taxpayers, and appealed to city employees to continue their coöperation for another year. The result was a reduced budget and continuation of a salary cut, saving the city $800,000 for the year. It is open to question whether this saving, or all of it, would have resulted without our explanation of the seriousness of the situation to both taxpayers and city employees. Incidentally, our analysis of the situation was distributed throughout New England by the New England Council as an example for similar organizations to follow.

Two bills vitally affecting Worcester were before the 1934 legislature. We favored creation of the position of purchasing agent. This bill was referred to the 1935 session when the legislative committee was told the proposed new city charter would make a special act for a purchasing agent in Worcester unnecessary.

We opposed a bill of the tax commissioner to change the end of the fiscal year in Worcester and several other cities from November 30 to December 31, since as proposed this would have added more than $3 to the tax rate in 1936. We suggested that, if the change were made, the cost be apportioned over several years. This was done by the legislature and the act, effective in 1935, allowed the city to borrow on five-year bonds to finance the month of December, 1934.

We criticized the unwillingness of the city government to bring about permanent improvements in city management, such as the installation of cost accounting and inventory methods, the consolidation of departments, and a study of personnel problems with the idea of reclassifying city employees on some sound basis. Shortly after this, the city government authorized the installation of modern cost accounting and inventory systems in the public works departments. This system went into effect at the beginning of 1935, and should result in large savings if properly managed by department heads.

We coöperated with Jerome R. George and City Auditor Henry A. Allen in preparation of a study of the net cost of city affairs over a period of years, and gave this wide distribution. This was in the nature of an effort to make financial statistics of the city available to the average citizen in a way he could understand easily.

We were consistently active in attempting to obtain larger shares of federal funds for Massachusetts and for this city. Early in the year it appeared that Worcester and other so-called "wealthy" cities were to be penalized for their good credit standing by being allowed little if any federal relief money. We took the leadership in fighting this unfair proposal, carried our fight to Boston and Washington, and finally secured what was at the time a fair share of the funds for Worcester. Since that time we have had several occasions to condemn the apparent belief of federal officials that Worcester needed less relief than other cities and towns. We have pointed out that our comparatively low debt did not mean that we were abnormally wealthy, but only that because of the Coe Act we had for many years financed improvements out of the tax levy rather than by bond issues.

The wisdom of our opposition to many PWA projects proposed in 1933 proved itself in 1934. In 1933 we objected to a large number of sewer and street projects estimated to cost before completion more than $1,000,000 and in every instance our objections were upheld by federal engineers and PWA officials in Boston and Washington. No case developed where any project we opposed became particularly necessary for the city in 1934. With another enormous PWA program under discussion in 1935, our careful consideration of projects will again be vitally important to the local taxpayers who doubtless will eventually pay a large share of the costs.

In the state field we have worked through the Massachusetts Federation of Taxpayers Associations with 140 similar organizations throughout the state to effect economy in state affairs and prevent enactment of extravagant legislation. The Federation has become a major force in favoring or opposing legislation, and is regarded by legislative leaders as the one group able to retard the trend toward extravagance at the State House. It has been estimated that the Federation saved the taxpayers of the state between $4,000,000 and $5,000,000 at the 1934 legislative session.

JOHN H. MAHONEY, *Executive Director*

CORRECTIONS

The author of "Party and Government Control at the Grass Roots," published in the January number of the REVIEW, informs us that certain data in Table 3, entitled Occupations of Committeemen, should have appeared as follows: The percentage of business executives in Ithaca should read 9% rather than 10%; the percentage of clerks, laborers, salesmen, etc., in Poughkeepsie should read 60% rather than 62%.

In "Comparative Tax Rates for 1934" published in the December REVIEW, a footnote relating to Washington stated that appropriations for the District of Columbia totaling $7,775,000 were paid by the federal treasury. This statement is incorrect for the fiscal year 1934. In the fiscal year 1934 the federal government payment toward appropriations of the District of Columbia was $5,700,000. In the previous fiscal year of 1933 the federal payment amounted to $7,775,000, a reduction from $9,500,000, which was paid out of the federal treasury for the fiscal years 1932 and 1931. Prior to 1931 and back to the time when the lump-sum contribution was started, the amount annually received by the District from the federal treasury was $9,000,000 a year.

RECENT BOOKS REVIEWED

EDITED BY EDNA TRULL

Planning the Modern State. An Introduction to the Problem of Political and Administrative Reorganization. By F. A. Bland. Sydney, Australia, Angus & Robertson Limited, 1934. 230 pp. 4/6.

Mr. Bland, the author of this book, is lecturer in public administration at the University of Sydney and adviser to the Australian government and to the state and local governments of New South Wales. Aside from these close contacts with the government of his own country, he has traveled widely both in Europe and America, where he has had ample opportunity to observe the workings of the Continental, English, Canadian, and United States governments. With this broad understanding of political and governmental operations, he is admirably fitted to discourse on planning the modern state.

The various chapters in this book comprise a course of lectures given in Sydney under the auspices of the Sydney University Extension Board. The lectures were designed to explain to a popular audience the more recent trends of opinion on the problems of government, and to urge the need for a reappraisal of the Australian governmental machinery in the light of changed social conditions. This need, Mr. Bland claims, demands a new technique of administration. "It is hardly possible," he says, "that our race, which has shown a special genius for government, should have exhausted its powers of political invention, or that it should be willing lightly to resign in favour of any kind of dictatorship, the responsibility and the privilege of self government." With this assumption, he proceeds to sketch plans for improved parliamentary machinery and more effective administrative service.

Starting with a description of the Australian system of government, Mr. Bland then takes up the changing content of government, law-making, bureaucracy, official independence, public service personnel, finance, government as *entrepreneur,* and local government. In the treatment of these subjects, he draws extensively upon British and American experiences, illuminating his discussion with the opinions of many writers. Perhaps the most interesting part of the book is his chapter on "Fact and Fiction in Finance". The book deserves a wide reading by those interested in the improvement of government.

A. E. Buck

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Administrative Legislation and Adjudication. By Frederick F. Blachly and Miriam E. Oatman. Washington, The Brookings Institution, 1934. 296 pp. $3.00.

There are in the national government of the United States six hundred agencies which possess "sublegislative" powers and sixty instrumentalities which produce "administrative adjudication". No exact figures relative to their output are available, but the amount and variety of such activity have increased enormously under the Roosevelt administration. Delegated legislation and the quasi-judicial activities of national administrative agencies were widespread before this time, however, because the establishment of the Interstate Commerce Commission and similar tribunals for regulating business resulted in Congress' bestowing quasi-legislative and quasi-judicial powers upon such investigatory and control bodies.

The authors discover in the growth of sublegislation and administrative adjudication serious underminings of American traditions and institutions of government. "So far-reaching a transformation," they say, "involves a serious conflict between old and long established principles and methods, and new and slightly tried principles and methods. The change has already shaken such apparently impregnable citadels as the principle of the separation of powers, the doctrine of constitutional limitations, the doctrine of due process of law, the old theory of the relationship between the individual and the law which is commonly called 'the supremacy of law,' and the principle of the supremacy of the judiciary as the prime agency for the control of administration." They therefore argue that the influence of the judiciary should be increased. "Some sort of judicial review is needed," they conclude, whenever an administrative act is sublegislative or judicial in its nature. The power "to issue general rules and regulations" having the force of law is said to make an act "sublegislation" and any "controversy which is decided by an administrative authority acting in a judicial capacity," according to the authors, makes "such a decision really judicial in nature." Query: What is left of administration?

Blachly and Oatman are seeking "the development and harmonizing of administrative law" and they hold that "no true system of administrative law can develop so long as it continues to grow up as the confused results of innumerable decisions of various administrative authorities established at different times to carry out different kinds of functions." Hence, they propose the establishment of lower and appellate administrative courts. The superior administrative court would be organized into divisions, and "at least half of its membership should be recruited from the higher branches of the administrative service."

The authors are probably too modest when, in conclusion, they say, "No feature of the system here outlined is altogether new." Their concrete proposals are challenging and their analyses are skillfully made. The book makes a real contribution to the thinking on this complex and significant subject.

Marshall E. Dimock
University of Chicago

Public Utility Valuation for Purposes of Rate Control. By John Bauer and Nathaniel Gold. New York, The Macmillan Company, 1934. 477 pp. $3.50.

It is fortuitous that this carefully reasoned and public-minded treatise on utility valuation for rate making should have appeared at a time when fundamental changes in public utility regulation are impending and offer the only alternative to the widespread adoption of public ownership.

That the present system of regulation has basic defects which have been accentuated since 1929, the authors stress most emphatically; but they hold that the efforts made thus far have been largely experimental and unscientific, and that the recognition of public interest vesting in the utility field over a considerable period of time provides a real foundation for dealing more clearly and constructively with regulatory problems. Their concern is not exclusively with the more effective regulation of existing utility classifications, for they foresee the extention of the public interest doctrine to broader fields in conjunction with the future development of a planned economic system. It is increasingly important, therefore, they hold, that sound, equitable, scientific regulatory principles should form the basis of legislative and judicial action.

Fundamental in any effective system of utility regulation is the method of determining valuation for rate making purposes. This book is devoted primarily to this elusive and sadly bungled legal and legislative field. That the doctrine of "present value" for determining the valuation base for rate making purposes has been doubly stultified by the shrewd sophistries of the utilities and the legal profession and by the widely fluctuating price range of the last two decades was never more clearly evident than at the present time. The futility of attempts at regulation under this doctrine, either in behalf of the public in the matter of rates or in behalf of the long-term security of the investor, is convincingly demonstrated by the writers.

Long the exponents of the "prudent investment" theory of valuation and of a fixed rate base which would summon reality and force to the requirements of rate control (Dr.

Bauer, in his *Effective Regulation of Public Utilities* (1925) offered the first complete treatment of the "actual cost" basis for rate determination), the authors are still thoroughly cognizant of the difficulties in making the change from the present "fair value" doctrine. Thus in this discussion they not only show that the fixed rate base or prudent investment method of determining valuation for rate making purposes meets all the criteria of equitable regulation, but set forth what appear to be really workable and legally feasible means of effecting the transition.

Lending both color and authority to the book is the fact that the authors are not only among the few real students in this country of the problem of utility valuation, but have for many years had practical familiarity with the legal questions involved through their connection with utility surveys and rate cases in behalf of the public interest.

Frederick L. Bird

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Third Annual Survey of the Government of the State of Tennessee. Part I. Nashville, Tennessee Taxpayers Association, 1934 204 pp. mimeo. $5.

About two years ago the Tennessee Taxpayers Association published its first survey of the state finances. This was immediately recognized as a large and very valuable piece of work destined to become the handbook of all those interested in Tennessee's fiscal affairs. The third survey, recently presented to the Governor, legislators, and other officials, carries on the tradition in improved style. A detailed report of financial operations through June 30, 1934, is given, with the two previous years for comparison, including cash statements, income, expenditure, and debt obligations. Comparative material on expenditures includes 1916, 1920, 1924, 1928 in addition to 1932 and 1934.

This volume is almost entirely statistical, but the statistics are so well arranged as to be self-explanatory and interesting. There is a brief narrative introduction but volume two of the survey goes fully into the analysis of the figures and the resulting suggestions from the Taxpayers Association.

Organization and Administration of a Municipal Police Department. By Richard W. Morris. Albany, New York State Conference of Mayors and Other Municipal Officials, Bureau of Training and Research, 1934. 47 pp. $1.00.

Mr. Morris, Chief of the Geneva, N. Y., Police Department, presents here the results of an extensive survey of the organization and practices of more than three hundred municipalities in all the forty-eight states. This report is based largely on the answers to 137 questions, secured by mail, and much direct investigation, as well as the author's personal experience. The welter of statistical data obtained is not carried in the volume (but is available from the New York Conference of Mayors in mimeographed form); this is, rather, an analysis of the results. It deals with the authority of police chiefs (largely lacking); the administration of the department, including division of work, training of patrolmen and promotion; the distribution of the personnel; equipment and communications, or the use of radio, teletype, identification bureaus, motorcycles and other vehicles; and crime prevention. The final chapter is devoted to fourteen recommendations—reasonable, specific, and of interest not only to police and other public officials but also to the citizens who so little appreciate the needs and workings of a modern, effective police department. The suggested police department library, given in the appendix, is also of special interest.

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The Cost of the Administration of County Government in New York City. By Julian Robert Wilheim. New York, The Citizens Budget Commission, 1934. 261 pp. multi.

With the passage of the Fearon bill by the New York State legislature making certain the submission of the county reorganization amendment to the electors next fall, this report on county government in New York City assumes new importance. As a handbook of facts it will prove a valuable ally to everyone interested in securing a thorough-going revision of county government in the New York metropolitan area.

Though the material is not by any means new, the arrangement is excellent, and comparative cost data are given for the five counties in the city for 1927, 1932, and 1934 both in detailed schedules and in short summaries. Revelations run from the "temporary" office which has continued for twenty-three years at an approximate cost of $100,000 annually, to the gross inequalities in salaries for the same and similar types of work, estimated by Samuel Seabury to represent needless expenditures of over $1,000,000 a year.

Especially helpful in emphasizing the need for constitutional revision is the compilation and consolidation of laws governing appointments and salaries of regular employees in the county offices and courts, to which some 117 pages are given. Summarized in a final chapter are the plans for modernization and reorganization of the county governments in New York City, from the Bruére-Wallstein plan of 1915 to the New York City Charter Commission of 1934. Texts of the Fearon, Wojtkowiak, and Dunnigan bills for constitutional amendment are also included.

W. S. S.

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Tax Policy to Aid Economic Recovery and Permanent Prosperity. New York, Tax Policy League, 1934. 7 pp. Ten cents.

Even hasty perusal of the news dispatches from various sections of the country suffices to indicate the genuinely hectic state of mind of many legislators, officials, and citizens on the all important tax problem. To help in solving that problem the Tax Policy League has, through a special committee, formulated a statement of principles, which, if adopted, should aid recovery and permanent prosperity. Nine basic principles are stated and each is briefly explained. They are clear, sane, and deserving of the attention of every taxpayer, and especially of those who levy taxes or formulate public opinion on the subject.

*

A Budget Manual for Texas Cities. By Roscoe C. Martin. Austin, The University of Texas, 1934. 131 pp.

Initiating a series of studies on municipal affairs, the recently established Bureau of Municipal Research undertook the investigation of budgeting in Texas cities. The state law specifically provides for municipal budgeting, but the observance of the law has been considerably less than perfect. After a detailed survey of the practices and results in a carefully selected sample of the municipalities, the author is able to make particularly pertinent the suggestions for utilizing sound budget procedure. The principles of such procedure are explained in general and illustrations are given. There seems no longer to be any justifiable excuse for poor budget making in Texas cities, with this handbook serving as a guide to those which have scarcely known the meaning of the term as well as to those which have not taken full advantage of its uses.

*

Assessing Land and Improvements. By Mabel L. Walker. New York, Tax Policy League, 1934. 14 pp. mimeo. Twenty-five cents.

Recognizing that the real estate tax situation is badly in need of correction, the author of this bulletin suggests that a remedy much more constructive than most recent legislation on the subject would be equitable assessment and efficient collection. Shortcomings in the present system of assessment are described and suggestions for improved procedure are given. There are also sections on the basis of assessment, separate assessment of land and improvements, and a table showing the proportion of land and improvement values in each state.

*

Nature's Plans for Parks and Parkways in the Philadelphia Tri-State District. Philadelphia, Regional Planning Federation, 1932. 36 pp.

The eleven counties of three states centering about Philadelphia have admirable natural advantages for recreational development. The Regional Planning Federation prepared, as one of its series of studies of the area, a plan for a system of parks, public reservations, and connecting parkways which was considered suited to the needs of the population. Its preparation was completed in 1932 but the report was not released until the fall of 1934. The proposals, more than ever timely and sound, should be welcome and, perhaps before too long, realized.

NATIONAL MUNICIPAL REVIEW

APRIL ✦ 1935

The Public's Responsibility for Legislation

HAROLD W. DODDS

Extent of the Relief Problem

FRANK BANE

Toledo's Fight for a City Manage

G. BURMAN CURRY

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THE LEAGUE'S BUSINESS

1935 Conference to be held in Providence.— Providence, R. I., will be the scene of the forty-first annual conference on government of the National Municipal League, it has been decided by the executive committee. Dates are set as Monday and Tuesday, November 25 and 26. Officers and members of the League are especially urged by the executive committee to mark those dates on their calendars *now* for two reasons: (1) so that you yourself will not make any further conflicting engagement, (2) so that other organizations of which you may happen to be an officer or member do not select meeting dates which might conflict. The secretary conferred with local groups in Providence this week and plans are already under way to make this the most successful conference the League has ever staged. We are getting an early start this year and members who have suggestions for the program are asked to send them in promptly. Suggestions are, of course, most welcome. A number of constructive criticisms have been received from members regarding the last two annual meetings and others are solicited. If there are particular problems with which you are faced in your own locality that you would like to see discussed at Providence in November, please let the secretary know within the next month.

* * *

Best Wishes, Dr. Hatton.—With deep regret we learn of the serious accident which befell Dr. A. R. Hatton a few months ago. Dr. Hatton is one of the League's vice-presidents and has been its counsellor and staunch friend for many years. He is now recovering at the Evanston Hospital, Evanston, Ill. We send him our heartiest good wishes for a speedy recovery and a quick return to the many duties and interests to which he has devoted himself in the cause of good government.

* * *

Dr. Dodds to Lecture at Yale.—Our president, Dr. Dodds, has been scheduled to deliver the series of three Dodge lectures at New Haven, Conn., on April 29, May 6 and 13. These lectures are under the combined auspices of the New Haven Taxpayers, Inc., and the Department of Political Science at Yale University. The subject of the addresses will be local government.

Dr. Dodds also recently addressed the Rutgers Institute of Rural Economics at New Brunswick, N. J., on "Democracy and the Economic Crisis".

* * *

Miss Trull Resigns.— Your secretary is very sorry indeed to announce the resignation of Miss Edna Trull as editor of "Recent Books Reviewed". Miss Trull has served in that capacity for the NATIONAL MUNICIPAL REVIEW since 1932. Her services have been deeply appreciated and we regret that other tasks have made it impossible for her to continue the good work.

* * *

You and Your Government Radio Programs.—Addresses to be given during the coming month in Series X of YOU AND YOUR GOVERNMENT BROADCASTS, entitled "The 44 State Legislatures of 1935", are as follows:

April 16—"Tax Limitations." Professor Simeon E. Leland, University of Chicago.

April 23—"Social Insurance." Governor Philip F. LaFollette, Wisconsin.

April 30—"Overhauling Criminal Procedure." William Draper Lewis, Director, American Law Institute.

May 7—"The Model Tax Plan." T. V. Smith, State Senator, Illinois. James W. Martin, Research Director, The Interstate Commission on Conflicting Taxation.

May 14—"Better Tax Collections." Arnold Frye, Attorney, Hawkins, Delafield and Longfellow. Philip H. Cornick, Staff Member, Institute of Public Administration.

May 21—"Safety Regulations." John E. Long, President, National Safety Council.

Editorial
Comment
✣
April

NATIONAL
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Citizens Must Organize

Wherever groups of citizens endeavor to improve government, the question arises again and again, "how can we not only maintain the gains we have made but continue progressively forward?" Grand Rapids, Mich., for instance, lost control of its city manager plan to a political machine some years ago, then staged a comeback in 1934 and elected a majority of candidates of the Better Government League to the city council. Thinking their job done, the members of the Better Government League went about their own business and only began to re-form their ranks a few weeks ago in an attempt to win again at the election on April 1.

Bangor, Maine, represents another phase of the same problem. Bangor adopted the city manager plan several years ago and has made a splendid record for efficient and economical administration ever since. The plan has succeeded so well, in fact, that its repeal is not an issue in Bangor. But, as in all other cities, there are those who aspire to power in Bangor for the purpose of using the government to serve their own ends. Necessarily such groups are organized and well organized. Query: what can the good citizens of Bangor do about it?

It is idle to think that good government can be protected by the spontaneous desire of each individual citizen acting alone. His desire for good government, while there, may conflict with a dozen other desires: his wish to play golf, for example, on a lovely spring day, his desire to keep dry by staying home from the polls on a stormy day, his desire to do a friend a favor by voting for him, his desire to be on the good side of those he thinks will win the election.

The only way that has been discovered to resolve such conflicts in favor of the public interest is through organization. Perhaps more important still, the only way that has been found to make the average citizen feel he has a part in local government is through organization. If he has a definite responsibility for selecting and electing candidates, if he has a definite job to do in connection with maintaining good government, he can take pride and satisfaction in the achievements of that government, in addition to whatever gratification may be reflected in his tax bill. As Henry Bentley, shrewd chairman of the Cincinnati City Charter Committee, has so often emphasized, "enthusiasm without organization is impotent". But organization is a general term: it covers a multitude of mistakes as well as a multitude of methods. An organization to be effective in a democracy must itself have a democratic base. It must be just as thorough as its rival mercenary political machine in its attack. Citizens of one medium-sized American city were aghast recently when it was suggested to them that before each election they should know how every citizen in town intended to vote. But that is not a difficult task with effective organization. With two representatives on every block in the city, it would be no problem whatever; indeed, it could be done and done thoroughly in two or three days. What is more to the point, it has been done and it has succeeded. Cincinnati's excellent plan has been successfully copied by any number of other cities.

The other day in private conversation a prominent eastern official commented as follows:

"Your nonpartisan citizens' organizations," he said, "don't amount to a row of pins. They have no permanence, no stability. They pass out of existence between elections when the most important spade work must be done. They seem to think government will work automatically. Few of them survive after one victory. I have yet to see one survive a defeat."

But do you suppose that the professional political machine headed by a boss does that? Not on your life. The gang sticks together in good weather and in bad and is always ready to step in and take things over when the good citizens tire at the job of being citizens and run off to golf. Citizens who want to maintain efficient government must be ever on the alert. There is no way of being on the alert save through the mechanism of a permanent citizens' organization that does the necessary jobs of (1) selecting capable candidates, (2) campaigning to see that they are elected, (3) getting out the vote on election day, and (4) between elections acting as a liaison agency between the government and the public, interpreting the work of the government to the public, educating the citizens as to what the government is doing. All four of these jobs are vitally important.

College Corridor Conversation

(Discussion overheard between two candidates for the PH.D. in political science in a large Eastern university)

"WHY bother with all this local government? It causes more trouble than it's worth." Serious Brown Eyes speaking. Continuing,

"Looks to me as though things are in such a mess generally that the only way out is to have a general housecleaning—let the federal government collect all the taxes and handle all the administration through logical areas designed for the function to be rendered."

Blue Eyes grins skeptically.

"Yeah, you would! Just a little innocent abroad! Imagine the swell time Jim Farley would have if you let him loose on a couple of hundred thousand local governments. The Republicans'd never see Washington again."

Brown Eyes: "No, I'm serious. Why do we put up with all these overlapping units of government? They grew like Topsy. Now we've got them and we don't know how to get rid of them. We'll never do it piecemeal. The whole job's got to be done at once. Call a federal constitutional convention, I say, and let's get it over with."

Blue Eyes: "Bright idea number two!

Set the table for the Communists and invite them in for tea. That's what you'd do. But more than that—say, listen, suppose you owned a farm out in Kansas somewhere and there was only one road that connected your farm and the nearest market. And along come a peach of a winter and you wake up some fine morning to find your road all torn to pieces by the old freeze and thaw combination. What do you do then? Telegraph to Washington to General Johnson?"

Brown Eyes: "You're smart, old man, but not smart enough. Don't you suppose the federal government would have a district office out there to which you could appeal at once?"

Blue Eyes: "What of it? By the time that road was fixed, you'd be able to pave it with red tape."

Brown Eyes: "Oh, I don't know. Have you ever been inside a post office? Not bad service, is it? Compare it with the city hall or the county courthouse in your home town—if you dare. Administration by the federal government may sound radical—or conservative, depending on the point of view—but I'm not afraid of it."

"You don't have to be afraid of it. You'll never get a chance to find out whether it would be any good. Might just as well speculate on the government of Mars. Well, I gotta eat, no matter who runs the country. S'long—see you in church."

"S'long."

Who's Who in This Issue of the Review

Frank Bane, educator in his native state of Virginia, welfare administrator, former member of the Hoover Emergency Employment Commission, has been since 1932 director of the American Public Welfare Association. He is also lecturer on public welfare at the University of Chicago, and frequent speaker and writer on current welfare problems.

William P. Lovett is executive secretary of the Detroit Citizens' League, one of the guiding spirits in that city's recent financial rehabilitation, and a frequent contributor to these pages. He is at present a member of the council of the National Municipal League.

Wallace S. Sayre and *Warner Moss,* are members of the faculty of political science at New York University.

Dr. Edward Bates Logan, professor of political science at the University of Pennsylvania, budget secretary of Pennsylvania from 1931 to 1934, has just completed an exhaustive study of real property taxation in the state.

G. Burman Curry, an active worker in the recent campaign which won ratification of a manager-proportional representation charter for Toledo, is secretary of the Toledo Commission of Publicity and Efficiency.

James H. Booser, honor student at Swarthmore College is now studying at the Harvard Law School.

Dr. Harold W. Dodds, head of Princeton University, has been since last November president of the National Municipal League. Former editor of this journal, member of numerous commissions of inquiry, he is a frequent writer on governmental problems and opportunities.

HEADLINES

It costs $1,200 a minute to run the government of New York City according to the Citizens' Budget Commission of that metropolis. The cost to each citizen would be $91.00 a year if all of them paid equal taxes, which, fortunately for the parents of triplets they do not. The commission is distributing 250,000 copies of a pamphlet on the subject.

* * *

People seem to have mixed feelings about running for office. A bye-election to fill an uncompleted term in the Texas legislature brought out 56 white Democratic candidates, one negro Democrat, two Republicans and a Socialist. A Dallas clothing salesman won. No need to name his party. This was Texas.

* * *

On the other hand, the mayorship of Shepparton, Australia, remained unfilled until the six town councillors reluctantly agreed to fill the office in rotation, a month at a time. Thus the town had six mayors on the installment plan in six months.

* * *

And Kentucky had three governors in 24 hours. Lieutenant-Governor Chandler took office in the temporary absence of Governor Laffoon, and a political squabble resulted in Senator Humphreys, president of the senate, having to hold the office a few hours while the Lieutenant-Governor was out.

* * *

Baltimore takes first prize for the limit of consolidation between city and county. The city has been given the legal status of a county by the state.

* * *

How to turn garbage into gold is a problem agitating our cities from coast to coast. Springfield, Mass., expects to get an income from municipal garbage by selling it to swine breeders. Sacramento, Calif., received over $40,000 last year by selling the junk collected in its garbage. Many other cities are attempting to cash in on their refuse heaps, but so far no one has thought of adding a few municipal "chiselers" to the top of the pile thus saving money both ways at once.

* * *

Baltimore encounters a curious reaction of the law of demand and supply in its garbage troubles. Decline in the value of waste paper and rags caused a decrease in receipts for push-cart licenses. This compelled the city to take over the refuse collection that the cart-pushers abandoned. The extra refuse was sold under contract to a private company, and thus the deficit was somewhat equalized.

* * *

Purdue University reports a total registration of 1,000 in its annual road school for public maintenance-of-way men last February.

* * *

London, England, produces the latest device for trapping the false-alarm fiend. When an alarm is turned in, a pair of nippers reaches out from the box and holds the alarmist by the wrist. He has to stay there until the firemen come with the key. London seems to be taking some forthright steps in the abatement of citizen nuisances. It has moved against the unnecessary hooting of automobile horns in the congested districts. Drivers may hoot if they want to, but it will cost them $10.00 a hoot.

* * *

The American Library Association proposes public certification as a method of raising the personnel standards of libraries. The need is shown, according to Anita M. Hofstetter, Secretary of the Board of Education for Librarianship, by the fact that "in many states anyone, of the age of fifteen to eighty, with or without high school education, may hold a library position." This offers many succulent tid-bits to local politicians who don't like reading anyway. The Association also proposes a penalty for libraries which permit improperly qualified persons on their payrolls.

* * *

The Bureau of Governmental Research of New Orleans is preparing a plan for a new city charter.

* * *

Louisville engages a staff of specialists to survey the municipal setup, and to make recommendations for reorganization.

* * *

Princeton University political science authorities are undertaking a study of the governments of Newark and Jersey City in relation to their state.

* * *

Dayton, Ohio, according to *Public Management,* sets a high mark in career service. The city manager and his seven department heads show an aggregate of 188 years of sustained public service. The director of the water department and six of his bureau heads can account for 163 years of service. Service experience of the public welfare employees add up to 133 years for the director and his five chiefs.

* * *

The Denver, Colorado, *Taxpayers Review* is pushing a Colorado program for governmental improvement, including a unicameral legislature, cutting the number of counties in half, and making each county a school district.

* * *

Two news items from Pennsylvania tell of a citizen jailed and prosecuted at a cost of $1664 for failure to pay $7.14 taxes, and of a study which showed that it costs but 19¢ to collect $100 in taxes in the largest two city school districts in the Keystone state. To these add two reflections by harried tax gatherers: One in Pennsylvania Economic Council's *Bulletin*—"City governments facing ruinous deficits should not expect too much from so-called new sources of income. These should be invoked only after other means have been tried"; the other from the Columbia *Record*—"The main difficulty about cutting off the expenses of government is that practically all the expenses can vote."

* * *

Tampa, Florida, transmits its police radio messages in code after discovering that the radio works both ways in thief hunting. The message that sends a policeman after a criminal, can also help the criminal dodge the cop.

* * *

Nottingham, England, is working out a new main-drainage system that, according to British engineers, should end Nottingham's sewage troubles for "at least half a century". This spring six and a half miles of the new trunk sewer will be completed. The total estimated expenditure is approximately $3,500,000.

E. M. B.

The Public's Responsibility for Legislation

Active participation of citizens in politics necessary to improved personnel in our legislative bodies

HAROLD W. DODDS *President, Princeton University*

"There is not a country in the world living under parliamentary government," wrote E. L. Godkin forty years ago, "which has not begun to complain of the decline in the quality of its legislators." In America dissatisfaction with our law-making bodies is of much longer standing. Heaven knows, they leave much to be desired.

But if we are candid with ourselves we must admit that there is another side to the picture. When we abuse our legislatures are we not drawing a red herring across the trail of our own laziness and inertia? The politician has many indispensable uses in a democracy, not the least of which is to serve as a scape-goat on whose head we can heap our civic sins.

A realistic approach to the legislative situation will not be satisfied with sermons about our duty to elect better men to the legislature. If we are to be practical about it we shall first ask ourselves why we don't elect legislatures of which we can be proud, and we shall not rest content with any glib answers about the total depravity of American politicians. As a matter of fact, many of them are individuals of high character and purpose. Yet so often the best appear ineffective, and part of the reason is found in the system under which they must operate.

Until Nebraska introduced the single-chamber legislature a few months ago, no serious effort had been made since the adoption of the federal constitution to reform our legislative layout. Repeating stereotyped arguments in favor of cumbersome bicameral legislatures, we have steadfastly refused to face the shortcomings of a system that no longer meets the facts of life.

A generation ago distrust of our legislatures took the form of a national movement for the initiative and referendum. Direct government, it was called. We were assured that the cure for the ills of democracy was more democracy, an attractive if cloudy phrase. We were going to improve our legislatures by making them obsolete. True, the initiative and referendum have their good points, as "the gun behind the door" has its good points. But both may be overdone. The unfortunate feature of the initiative and referendum wave was that by promising so much it distracted attention from the more fruitful possibilities of legislative improvement. To this extent it constituted a bar to progress.

The public's first responsibility for legislation is the responsibility to frame the best possible organization to legislate. One distinctive step forward is the adoption of the unicameral legislature and it is encouraging to note that more than twenty other states are considering following Nebraska's example.

LEGISLATIVE COUNCILS

Another weakness of structure is the remote connection between the governor's office and the legislature. When we elect a governor we do so on the basis of his legislative program and pay little attention to his qualities as an administrator. We expect him to lead in legislation but we do little to coördinate him and the legislature. For fifteen years the National Municipal League has been advocating the legislative council idea, a sort of standing committee of the legislature serving between sessions as a liaison with the executive departments. The duty of the council would be to exercise in the name of the legislature a general supervision of the administration, and in coöperation therewith to prepare a program of legislation for the consideration of the legislature when it assembles. Nothing would seem more reasonable or simple. Why should a legislature, essentially a body of amateurs, meeting for short periods generally only once in two years, assemble with no pre-digested program of action? Every question that it considers involves administration. Why continue the fiction that it must operate in a separate compartment without the benefit of leadership even within itself?

Three states have begun to experiment with legislative councils, Wisconsin, Michigan, and Kansas. The Kansas plan is more comprehensive than the others and closer to the model of the National Municipal League. Its objective is beyond dispute. It constitutes a kind of research and planning body, not as an outsider but as part of the legislature itself. It recognizes that democracy cannot function without leadership and it seeks to drive this leadership into the open, where it belongs. If given an opportunity to function, the legislative council will mean better drawn bills, more intelligently directed to the needs of the state. It will succeed if the voters understand its possibilities.

Undoubtedly is is a part of the citizens' responsibility for legislation to expedite those structural reforms such as have just been discussed which will help to make our legislatures more competent and effective. But we do not want to claim too much for mere structural changes. It is equally clear that our legislative salvation will not come through structural changes alone. Good legislation is more than a problem of mechanics, it is the continuing responsibility of each and every voter.

THE PARTY SYSTEM

One grave difficulty from the standpoint of public opinion is the weakening of political parties through the growing power of minority pressure groups whose weapon is intimidation divorced from responsibility. By tradition our government rests on the two-party system. For years we have been told that this system is breaking down. Perhaps it is. Everyone is entitled to his own guess on this subject. The contrast, however, is not between a two-party system and a multi-party system, but between a party system and a no-party system. A recognized party must accept the burden of presenting to the electorate a comprehensive program on a variety of issues; a minority pressure group has no such responsibility. For this reason it seeks to cut across party lines in its own particular interest. No names need be mentioned. Examples of high-power lobbies will occur to everyone. They are a form of dictatorship foreign to a popular government. What is needed to counteract them is greater support of and belief in political parties.

I am far from preaching blind allegiance to political parties or advocating a return to the emotional party loyalties of an earlier age. Moreover, I have

(Continued on Page 218)

Toledo's Fight For a City Manager

Citizen organization in Ohio city registers another victory for good government

G. BURMAN CURRY *Secretary, Toledo Commission of Publicity and Efficiency*

At the general election last November, Toledo, Ohio, after two unsuccessful previous attempts, finally adopted an amendment to the city charter providing for a city manager and a small council of nine members elected at large by proportional representation. The amendment became effective January 1, 1935, so far as the provisions regarding elections is concerned, the first proportional representation election being held next November. The executive and administrative provisions become effective January 1, 1936, when the new council assumes control of general policies of municipal affairs and selects a city manager as chief executive.

The election and P. R. count provisions of the amendment follow closely after the Model City Charter of the National Municipal League. The administrative and executive provisions in general transfer duties now incumbent on the present mayor to a city manager who will be selected by the council, and who will serve for an indefinite term of office. All provisions of the present city charter were amended as to be consistent with this general principle.

THE PRESENT CHARTER

The present city charter was adopted in 1914, becoming effective in 1916, and marked the end of the Independent movement, now famous among the annals of citizen participation in municipal government in the United States. The Independent movement began in 1904 after the death of Mayor "Golden Rule" Samuel M. Jones, who gave the people their first taste of nonpartisan government from 1898 until his death in 1904, and ended in 1913 after suffering a terrific defeat, the result of an unusual set of circumstances. The primary aims and purposes of the Independent movement, however, were achieved.

The home rule amendment was written into the state constitution in 1912. A charter commission was elected in 1913 and a charter which provided for a nonpartisan government was submitted in 1914 and adopted. The new charter embodied the original objectives of the Independents and the movement acquiesed and subsided.

THE COMMISSION OF 1928

In 1927 the voters elected a commission to draft a new charter providing for a city manager form of government. The charter commission worked diligently for nearly a year, drafted a charter, and placed it on the ballot in November 1928. In brief, the new charter, while it incorporated fully half the provisions of the old charter, provided for a city manager as the administrative head of the city government, and a council of seven to nine elected by proportional representation with a fixed quota. Up to the time of presenting the new charter the prospect of its eventual successful passage seemed unusually bright. The political machines of both the Republican and Democratic organizations appeared to have no apparent inclinations one way or the other, and charter supporters were enthusiastic.

This enthusiasm, however, was short-lived. A minority block of the charter commission refused to sign the report approved by the majority. Within two weeks after submission of the new charter the minority formulated an alternative charter providing for election of councilmen by wards instead of by proportional representation, and this was submitted to the city council which promptly placed it on the ballot. This marked the first entrance of the two major political organizations into the arena. As a result, both charters were on the ballot and, under a ruling of the board of elections, voters were obliged to vote "yes" on either charter according to their preference and "no" on the remaining proposal. Failure to so mark both propositions invalidated their votes. Thus the political organizations first confused the issue and then entangled the P. R. charter in a maze of technicalities that rendered it nearly impossible of passage. Needless to say, both charters were defeated, although the P. R. charter received more affirmative votes than the minority charter.

AGAIN IN 1931

The next attempt at charter reform came three years later when a small group of citizens drafted an amendment to the old city charter. The charter was amended only so as to provide for a city manager as chief executive and a small council of nine, five elected by districts and four at large. This amendment was presented to the city council with the request that it be placed on the ballot as a referendum measure.

It should be explained here that under the constitution of Ohio as well as the city charter the city council may place referendum issues on the ballot if two-thirds of the members concur. Also under the constitution and the city charter an initiative petition signed by voters and presented to council must be placed on the ballot and the proposition submitted to a vote. In this latter provision the constitution and the old city charter differed. The constitution provides that an initiative petition requires 10 per cent of the qualified electors, while the charter provision required 20 per cent. This conflict never had been settled by the courts in Ohio, although the Supreme Court has gone on record in a Cleveland case as declaring that a city charter cannot contain provisions in conflict with the constitution.

The charter amendment this time contained provisions for election of a council that were thought to be a compromise of the P. R.-large council issue of 1928. It provided for a council of nine, five elected by districts and four at large. When the amendment was presented to council, however, another amendment of a similar nature but providing for a large council appeared as if by magic from a desk drawer in the council chamber, and the council graciously decided to give the electorate the opportunity of voting on both city manager plans. Both amendments were passed on the same night. The Democratic and Republican organizations had declared themselves again in opposition to charter reform. As in 1928, both propositions failed of passage because of the confusion of the issues in the minds of the voters. It is significant of the election that of the affirmative votes cast, the small council plan received a larger vote than the large council plan.

The results of this election are still the subject of considerable controversy between the proponents and opponents of the small council plan. In September of that year, almost immediately preceding election day, Toledo banks closed impounding many millions in depositors' cash. Citizen interest focused itself everywhere except on the charter amendments. What effect this change in public sentiment had on the vote is not known. It is known, however, that the party regulars went to the polls as usual on election day and when the smoke of battle had cleared away Toledo was destined to try yet again to obtain a city manager government.

VICTORY IN 1934

The last attempt at a change in government had its beginnings late in 1933 when a small group of citizens again began to consider their city government. Affairs at the city hall were rapidly going from bad to worse. The city was in a desperate financial condition. Bonds were in default, and the city was in the throes of a mild but unorganized taxpayers' strike. The civic pride of citizens was at the lowest ebb of any period in the history of the city.

Early in 1934 the group formed a permanent organization with the sole objective of obtaining a city manager government, adopting the name of "Citizens' Charter Committee". This time, however, the citizens' group profited by the failures of 1928 and 1931. Both previous attempts at governmental reform met disaster primarily because of opposition of the two major political organizations. It must be remembered that political organizations are permanent. They maintain their organization machinery year in and year out. Their treasuries are never empty. The various citizens' groups, well meaning, earnest and conscientious though they were, never had such smooth running, well oiled organizations. Was it not probable that the underlying cause of both defeats was a lack of organization to combat organized opposition? The citizens decided that it was, and proceeded to organize a good government machine—one that would function with the precision of the major political machines but without spoils, favoritism, or patronage—to obtain a city manager government.

An amendment to the city charter was drawn and placed on an initiative petition. The circulation of initiative petitions was decided upon in order to avoid the possibility of two amendments again and the resulting confusion to the electorate. More than 22,000 signers were obtained. Here some legal difficulty was encountered because of the conflict between the city charter and the state constitution as pointed out previously. However, signatures enough to comply with the charter provision were secured after many months of campaigning, and the amendment was laid before the city council, which body subsequently placed it on the ballot. An alternative amendment did not appear and for the first time there was but a single issue before the voters.

The campaign for signatures impressed the citizens' group with the need of a larger and stronger organization to win the election. The organization was enlarged until it reached into every ward and precinct in the city. The campaign of the Citizens' Charter Committee was financed by voluntary subscription much in the same way as community chest and Red Cross subscriptions are taken. This time the charter amendment won by some 5,000 majority of the 60,000 votes cast on the issue from a total of some 106,000 registered voters.

The citizens' victory cannot be attributed solely to their own sincere efforts. The Democratic landslide of 1932 swept every office in the county government with but one exception, and the Republican organization was crippled and demoralized. At the election in 1934, another county election year, a bitter fight was waged by both major parties for control of the county. Consequently the citizens faced no organized offensive against their amendment. A few days before the election the chairman of the Republican organization, Mr. Walter F. Brown, postmaster-general under the Hoover regime, issued a statement in the form of a letter to a local newspaper subscribing to the principle of a city manager government but denouncing proportional representation—the tactics of 1928 and 1931. This was the signal to party workers who campaigned feverishly against the amendment in the last days of the campaign. The Democratic organization joined in, but too late. On the other hand the citizens had a strong and energetic organization in the field. The movement was also aided by a united press, the first time in the history of the city that the newspapers were united on a political issue.

PERMANENT ORGANIZATION

The Citizens' Charter Committee had completed its work of carrying the amendment and disbanded, but not until a committee was appointed to draw up a plan of permanent organization, a constitution, and to study other matters incident to organizing on a permanent basis. The experience of the fight to carry the amendment was convincing that good government would not be provided by the machinery passed at the last election unless the citizenry exercised an eternal vigilance to see that they got it. In short, the citizen's organization began where the old Independent movement subsided in 1913.

In January 1935, an organization meeting was held and a constitution adopted. The "City Manager League" is now a permanent organization similar to the City Charter Committee of Cincinnati. Membership in the League is open to anyone subscribing to the principles as set forth in the constitution. The League will put up a slate of candidates at the coming election pledged to good government, nonpartisan, without spoils, without patronage.

DANGER AHEAD

No sooner had the amendment been adopted and the citizens' group organized permanently than rumors of repeal began to be heard in various parts of the city, particularly in sections which were antagonistic to the new government. Petitions suddenly began to be circulated calling for a special election to restore the sections of the old charter that were amended or repealed by the city manager amendment. These were circulated for the most part by disgruntled officers and employees of the present city administration who opposed the amendment from the very beginning. The repeal petitions were presented to the city council on March 18, and the council with little debate and formality ordered a special election called for Tuesday, May 28.

The proponents of good government are now faced with the task of retaining the fruits of their victory last November. Impressed with their first taste of victory in three campaigns for a city manager, they are preparing to wage a fight to give the manager government a fair trial. The movement to repeal the new government has done little else but strengthen the good government forces. It is almost a foregone conclusion that the repeal will be decisively defeated in May.

The Plan and the Man

"Good" politics, as well as sound governmental machinery needed for civic progress

WILLIAM P. LOVETT — *Executive Secretary, Detroit Citizens League*

POLITICS is still the key to situations in popular government. It accounts for battles to be won, and for the strategy whereby to win them. Bad politics and bad politicians must be vanquished by good politics, played by good politicians. It is nothing but teamwork, the application of common sense to public affairs, the better arrangement of human relations.

One begins to wonder why the big bet so often is entirely overlooked and ignored by big shot reformers, progressives, promoters of this and that for good government. This kind of politics means defeat of rackets and other corruption by use of right principles of organized public action. As Coolidge said, "Politics is the process of action in public affairs".

What's wrong with the manager plan in many a city, whether with or without P. R.? Or why does the old mayor-council plan fail, even with plenty of honest citizens fairly alert? The trouble lies in the assumption that all politics is bad. Yet Lincoln had to be a politician. So we insist on a new application of good political planning, in order to overthrow the grafters and machine bosses.

In this non-political process of genuine politics a new-radical plan or charter may be the chief weapon used to overturn a bad system and set up a good one in its place. But what about the failures of perfectly good programs, and the history of reactions from reform? Somewhere the good politicians have failed to play the good politics which is essential to permanent success.

To illustrate: the author of a recent book is called by one clever critic "an economic realist." "Dr. Blank," says this review, "believes in situations rather than in principles. He would agree with John Dewey that you must work with what you have, not with what you wish you had. It is the golden mean of Aristotle. It is the behavior of Mr. Facing-Both-Ways—alway anathema to the doctrinaire. Many people, if you don't belong to a party, will immediately put you down as a snake in the grass. Yet it is the very essence of the scientific method to 'face both ways'; to consider the lessons of the past and the needs of the present at the same time. The future is unpredictable. The true scientist deals with the here and now."

Success of the manager plan in the great majority of cities adopting it accentuates its puzzling failures in the few isolated cases. The answer lies in lack of good political strategy. The same answer shows why some have kept a good half-loaf rather than reach for an impossible ideal.

Cleveland, after an experience brilliant but brief, succumbed to the bad politicians—the good ones were downed by constant hammering by tricky, resourceful spoilsmen. (But we look for an early come-back.) Kansas City is a blot on the national city manager escutcheon: hopelessly dominated by Tammany elements, seething with crime, run by a boss of superpower, yet masquerading under the banner of charter righteousness. Milwaukee, under an antiquated charter, gets excellent results because of the personality and militant leadership of Mayor Daniel Hoan. He is a politician of the modern, right kind.

Whether New York City goes for the manager plan is not so important as whether it goes whole-heartedly and stays there. Just now good politics would guarantee the longest possible term to Mayor LaGuardia. New York's trouble is that it is the big national show-place; its people, or too many of them, prefer Jimmy Walker to LaGuardia; they showed that when they turned down John Purroy Mitchel. Reform in New York is less than half a matter of plan—it is chiefly a matter of the man, the people, personnel. Chicago or Philadelphia never can make any modern plan win without some kind of conversion of the civic soul. And there are others.

Detroit is in a strait between its admiration for Cincinnati and its doubts inspired by the city-manager records of Cleveland, and of some cities in Michigan. Cincinnati is not yet out of the woods; the hardest fight may be just ahead. All the ingenuity, persistence, and heroism of Bentley-Seasongood, *et al.*, will be called into action in the year 1935. There, however, is one city with a hundred-per-cent political organization and program, an example to the rest of the land.

Right now Detroit has more of the advantages and benefits of city manager government than some manager cities. Under the nonpartisan administration of Mayor Frank Couzens the high-powered car is running so smoothly that "there just isn't any news to print". Like the council of nine, he is elected by the people, and, happily, supported by the people. He has full power to hire and fire the heads of nineteen departments. He tries no cases in the public press. He has completed the biggest job of re-financing in any American city—close to $400,000,000—in a manner to have it called a "miracle" of municipal finance. He is deaf to the Tammany spoilsmen, insists on results, and hardly needs a civil service commission.

So why force a change for the sake of change? Why try to satisfy the doctrinaire with a different plan, a pretty picture, when things are going so well in the city hall? The time to reform is when things are as rotten as they were a decade ago in Cincinnati, or twenty years ago in Detroit.

Beneath the plan, of any kind, are the people—the man at the head, the officials, the voting, taxpaying citizens. The political realist is the best authority to direct solution of these problems of local government. Before starting a reform any city should first take stock of its political assets, in good leadership, for only good and unselfish community purposes. The "plan" and the "man" furnish two oars of the boat; both are essential to progress.

Politics is what you make it: a game of sharp wits, to serve the selfish interest of the politicians and their clients, or the science of government for community service and the welfare of all the people.

A Civil Service Program For New York

Fusion control offers opportunity for a new and positive program in personnel administration

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During fifteen years of Tammany domination the New York Civil Service Commission was starved for funds and failed to develop a positive program. The commission is now controlled by a reform administration. James E. Finegan and Samuel H. Ordway, Jr., the two Fusion appointees, are two lawyers who have long fought spoils and earnestly advocated civil service reform. They will constitute a majority on the commission for six years. We may, therefore, expect a constructive program which will go far beyond the mere elimination of patronage politics from the service. Mr. Finegan and Mr. Ordway will have an opportunity to develop a complete personnel program. The ease with which responsibility may be denied on legal grounds, the lack of precedents and the opposition of vested interests in the civil servants' and taxpayers' organizations might easily tempt other men to seek the shallow public applause which would accompany a program limited to spoils elimination. It can hardly be assumed, however, that a commission reflecting and sharing the social viewpoint of Mayor LaGuardia will evade the conflicts necessary to give the city a model civil service.

The formation of a program which goes beyond patronage elimination and technical improvements in examinations is difficult because the ends to be served by these efforts have not been adequately analyzed. Here the commission will be forced to a reconsideration of many of the premises underlying the merit system. Should the commission engage in planning activities and research? Will a general reclassification be a concealed salary reduction? Should the selection of recruits be based upon their educability or their previous acquisition of the necessary skills? Should promotions be based upon budgetary considerations or morale? Should the commission serve the broad social purpose of helping people to get jobs for which they are suited and in which they will be efficient, or should it play the rôle of the conventional employer who enters the market to purchase the best labor bargain possible without regard to the social or individual consequences?

The question of planning strikes at the heart of the whole problem. The commissioners cannot delegate these questions of policy formation to a group of experts whose technical proficiency is greater than their understanding of broad problems involving human beings. The job of the experts is one of research. It is the task of the commission to work out the general plan and to deal with the pressure which comes from the taxpayers and the employees. To favor either of these pressures will lead to exploitation. To hold a balance between them is to establish a stalemate. The commission must be partisan in championing plans and goals. Vague talk of "nonpartisan" municipal government, arising from a misconception of the difference between "government" and "administration," has no place in a city in which over two million people participate in elections in order to choose between social philosophies, and where one-fourth of the population finds public assistance the only alternative to poverty and starvation. It is increasingly evident that personnel administration must be an integral part of the general policy of a city government. Thus, Mr. Finegan and Mr. Ordway must not only make plans and select goals of their own, but they must also look to Mayor La Guardia for a social philosophy in accordance with the idea that elected officials introduce into administration a social philosophy which has been accepted by the people.

RESEARCH NEEDED

Intelligent research is the primary need without which the commission can hardly make a dent in its problems. It is not an exaggeration to say that the personnel problem of New York City, with approximately 150,000 employees, has never been given adequate study and that the several agencies entrusted with the management of personnel have pursued sporadic and uncoördinated policies without any attempt at a comprehensive plan. No municipal agency has formulated policy except in terms of a single problem of the civil service, and since the days of the Mitchel administration there has been no survey of the service which would provide the facts upon which policy must be based. Handling the personnel of the city has accordingly settled into antiquated grooves, records are kept as a matter of form rather than utility, and from day to day isolated problems are attacked with ancient formulas haphazardly selected. The commission depends for information upon a hard working and earnest staff which has purchased competency in minutiae at the cost of vision and imagination and which approaches even routine problems with a caution which insures consumption of the available time with what should be automatic performance. The records kept by the staff are designed to facilitate routine administration and to protect the commission against charges of irregularity; they are, however, practically useless as *research* material.

For example, in the past, when an applicant was found to have failed a part of the examination in which a pass was required, the remainder of the paper was not marked. This may have led to a saving in immediate expenses but it deprived the commission of data by which to judge the effectiveness of its examinations as a selective tool. There is no real research staff, though some of the examiners have an intelligent interest in research problems. Many of the examiners do not have the training, and neither time nor money has been available.

Another equally important field of research neglected by past commissions has been that of ascertaining the facts about the labor market and educational facilities. Past commissions have relied upon the advice of prominent persons in the fields in which the examinations were to be held. No doubt these consultations have been an aid but the advice has not been given on the basis of research. Too often these advisers have voiced ideals or prejudices leading the commission to set standards that are too high or too low. The commission should be able to learn from the work of its own staff the probable number of applicants for any particular position, the probable educational records, the range of intelligence in the group of applicants, the salaries expected, the extent to which the members of the group of applicants will seek and attain promotion. In other words, the commission has been altogether without information with which to attack its problem comprehensively.

RECLASSIFICATION OF PERSONNEL

Reclassification of the personnel must precede most of the other reforms of the commission. And it is imperative that the new classification plan avoid the pitfalls which usually appear in reclassification. Taxpayers' organizations see it as a device which will, in the guise of equity, generally reduce salaries. Reformers of the sentimental school see in the word a magic which will exorcise the devils of spoils and inefficiency. Civil servants regard it, depending upon time and circumstances, either as a threat to hard-won status or as a ladder to the coveted higher brackets. And civil service commissions and their staffs are likely to be impressed with the protection which the elaborate paraphernalia of a new classification can give them against criticism.

The present classification in New York City is neither logical nor up to date. It is at once too vague and too detailed. No one finds it satisfactory, least of all the commission whose instrument it is. Here, as elsewhere, the commission cannot proceed to positive performance until it knows something of its problem. There is need for a survey which will describe each position in the city service in terms of *function*, making it possible to group these positions in classes and sub-classes of similar functions. From what we know generally of modern civil service it is possible to suggest *a priori* that these larger groupings or classes should not be numerous. The most satisfactory arrangement, though this will be opposed by both vested interest and precedent, would be to include all civil servants in three major classes: a non-technical class (custodians, clerks, stenographers, laborers), a technical and professional class (statisticians, engineers, doctors, etc.), and a directoral class which would include the planners and policy makers. This plan has the virtue of being democratic, intelligent, and of actually serving the ends for which classification exists. Broad lines of classification will remedy the fault of detailed examinations for narrowly defined jobs and will improve the promotion system by introducing opportunity and flexibility. Subdivisions of these major groups should be established only where actual differences exist. Classification is not, despite impressions to the contrary, a process of fixing status permanently. It is a continuing problem, and can only be administered if subject to perpetual reconsideration.

Salaries must also be based upon research. Here policy depends upon three factors: a definition of a "fair" wage, the amount necessary to attract and hold men from private enterprises, and the revenue resources of the city. The level of compensation fixed by these three factors must be continuously adjusted. In the past the primary work of civil service commissions has not been in this field, but rather in attempts at salary standardization, while the fixing of salary levels has been assumed by the various budgetary agencies, final approval resting with the legislative authority. But the commission cannot, as a practical matter, nor should it, escape a measure of responsibility for planning and recommendation in this more important phase of compensation. As the agency best informed in personnel problems, it is making poor use of its opportunities if it limits its activities to the subordinate matter of "equal pay for equal work" which has long loomed so large in the eyes of the reformers as to obscure the basic problem of compensation. If it is to develop a satisfactory salary plan, the New York City Commission must recognize the nature of the salary problem and the conflicts it arouses. It must appreciate the special interests of the taxpayers' organizations as well as those of the civil servants' organizations, and it must not be blind to the city's special position as an employer with a paramount obligation to sponsor a socially valid wage plan. The present New York City compensation schedule is the result of many conflicting forces and confused objectives. It is inequitable, unstandardized and unplanned. A new plan should not be spoiled by too many compromises and its major purposes should not be sacrificed to plausible but specious appeals by taxpaying pressure groups for budget-balancing and "economy".

SELECTION OF EMPLOYEES

Recruitment is one of the most important problems because where there is security of tenure there must be care in selection. The research regarding classification should determine what qualities are desired but there remains the enormous task of determining means of selecting in accordance with those qualities. The examining tool has been honestly but very crudely used in New York. Examination questions have not been scientifically constructed but have frequently been selected in accordance with the prejudices of employee organizations. Examinations have not been tried upon selected groups of able employees nor have the results been adequately analyzed. Indeed, inadequate records make intelligent analysis imposable. Were statistical analyses possible, the commission could determine whether the examinations really ranged the applicants in accordance with their ability. The extensive use of "practical" examinations, having inevitably a narrow range of variety, has enabled the cram schools to "educate" candidates so that the high scores on examinations create a false impression of quality in the eligible lists. Attention should also be given to types of persons who have applied and the types which may be encouraged to apply. Certainly the present system of demanding that applicants have served a long apprenticeship in private business must be abandoned because government is receiving the refuse of the selective system of business. Business itself is turning to the idea of using educational qualifications supplemented by training within its own walls. The commission seems not to have realized the advantage of advertising its opportunities among the people best fitted for the jobs. Thus private agencies, such as civil service "schools", have been in a position to staff the service with non-promotable personnel.

The field of ratings, promotions, and discipline offers much difficulty because attempts to insure justice and equality of treatment too frequently mean red tape and fixed procedure which lead to inefficiency. The problem is further complicated by the fact that the rewards of the contemporary world of private industry influence the character of the rewards sought in public service. These rewards are hardly ideal because they foster personality traits and behavior which are often injurious to the service. In this field techniques can be no substitute for honest intentions and fair dealing as has been imagined in private industry. However, the commission should certainly consider the utility of an objective scheme such as the Probst Rating System or the more recent Telford method in place of the present ineffective scheme. A study should also be made to determine whether promotions are equally rapid

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Extent of the Relief Problem

Magnitude of task facing federal, state, and local governments presents forbidding picture

FRANK BANE — *Director, American Public Welfare Association*

ANY discussion of the extent of the relief problem must begin with a reference to its growth during the past half-decade. It is impossible to picture the magnitude of the present task except in the light of those early trends and scattered attempts which are distinguishable in a review of relief prior to 1930.

Except that approximately 100,000 persons were crowded into 2,300 public almshouses in 1925,[1] we are virtually without knowledge of the total volume of the need for relief during that period. Statistical data were, if kept at all, recorded by local authorities. National systems of reporting by registration areas for certain classes of information in the public welfare field began only late in the decade, and generally did not cover the problem of relief. How many persons were destitute can, therefore, be estimated only roughly, as by reference to the large volume of occasional unemployment among those normally employed.

In 1920 the unemployed[2] numbered 1,401,000; in 1923, 1,532,000; in 1926, 1,669,000; and in 1929, 1,800,000. Their percentage among all employed persons rose from 4.6 per cent in 1920 to 5.6 per cent in 1929.[3] "Throughout the 'prosperous' twenties there was never less than a million and a half unemployed . . ."[4] Even in the year 1929, when prosperity supposedly was general, there were nearly 3,000,000 unemployed in February.[5]

According to the best available information, private agencies financed only about 20 per cent[6] of the needs even in good times, when money was comparatively plentiful.

Public relief during this period was characterized by confusion and overlapping of responsibility between governmental units. Except for certain indirect contributions,[7] the federal government took no part in the relief program. In a few cases[8] the states provided equalization funds for local poor relief, their remaining contribution being the maintenance of institutional facilities. It was typically the local authorities—the townships, the villages, and, to some extent, the counties—which bore the burden of relief costs. No data are available for determining their expenditures.[9]

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[1] *Preliminary Report of the Committee on Economic Security,* September 1934, p. 31.

[2] In all industries except agriculture.

[3] *The Need for Economic Security in the United States,* The Committee on Economic Security, Washington, November 1934, Chart I.

[4] *Ibid.,* Chart II.

[5] *Ibid.,* Chart III. According to the *Report of the Ohio Commission on Unemployment Insurance,* 1932, the average unemployment in Ohio in four of the seven years from 1923 to 1929 was more than 10 per cent.

[6] For a somewhat higher estimate see Gill, Corrington, "Collecting the Relief Billions," *Midmonthly Survey,* October, 1934.

[7] Professor Simeon E. Leland cites, for example, the following: U. S. Children's Bureau, U. S. Department of Labor, U. S. Health Service, military service pensions, civil service pensions, and grants through the Sheppard-Towner, the Smith-Hughes, the Fess-Kenton, and the Smith-Lever acts. "Public Welfare Governmental Relationships: Federal, State, Local," *The Social Service Review,* Vol. VII, No. 3, September 1934, p. 428.

[8] E. g., Pennsylvania, Virginia, and North Carolina.

UNEMPLOYMENT GROWS

Then came the cataclysm. In five brief years[10] the value of retail sales dropped 47.7 per cent.[11] The dollar volume of net wholesale sales dropped 53.6 per cent.[12] The unemployed, numbering 3,250,000 on April 1, 1930,[13] by January 1931 numbered 7,360,000.[14] By March 1933 the American Federation of Labor estimated their number at 13,689,000.[15] In July of that year there were 15 million[16] on relief, by July of 1934 the number had increased to approximately 17 million,[16] and by October 1934 to approximately 18 million.[16]

Costs of relief, of course, rose rapidly. In January of 1933 the expenditures for unemployment relief totaled more than 60 millions. State and local relief funds in the first ten months of 1934 were nearly 30 per cent greater than in the same period of 1933. By October 1934 the total of all funds—state, local, and federal—had mounted to almost 157 millions[17] for that month.

Wisdom would dictate humility in any attempt to ascribe reasons for this economic debacle. It is perhaps sufficient to point out the speculative orgy of the late twenties, the mounting volume of technological displacements during the post-war period, and the disorganization of industrial life as it was aggravated by the incidence of a war which, for the first time in history, engulfed the globe.

Whatever the causes, their results are with us, now. Eighteen million persons are dependent upon government for relief.

What are they like, these 18 million? Happily, the introduction of the federal government into the relief field has brought with it, for the first time, a comprehensive reporting system, from whose researches we may now learn something of the characteristics of the relief group. In age and in racial composition they correspond roughly to the pattern of the general population. A slightly larger proportion of them are children under sixteen[18]—fathers with large families have been least able to

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[9] Leland, *The Social Service Review,* p. 429. The gross expenditures for all welfare purposes grew rapidly during this period. For example: in 1915 they amounted to about $89,000,000 or $0.91 per capita. In 1930, they were $224,000,000, or $1.81 per capita. *Ibid.*

[10] 1929 to 1934.

[11] From $49,114,653,000 to $25,700,712,000. *Census of American Business, Final U. S. Summary,* U. S. Bureau of the Census, November, 1934, p. 7.

[12] From $68,950,108 to $32,030,504. *Ibid.,* p. 7.

[13] According to The Census of Unemployment, 1930, quoted in the *Preliminary Report of the Staff of the Committee on Economic Security,* p. 5.

[14] According to a survey in nineteen large cities, U. S. Department of Commerce, quoted in the *Preliminary Report of the Staff of the Committee on Economic Security,* p. 5.

[15] *Ibid.,* p. 5.

[16] *FERA Release No. 4423.*

[17] *FERA Release No. 4436,* January 7, 1935.

[18] The following table, adapted from the *FERA Unemployment Relief Census,* October, 1933, Report No. 2, Washington 1934, p. 17, gives the exact distribution.

AGE OF CLIENTS IN RELIEF FAMILIES, OCTOBER 1933

	PERCENTAGE			
	ALL FAMILIES		RELIEF FAMILIES	
AGE	URBAN	RURAL	URBAN	RURAL
Under 16	27.6	36.1	39.8	44.4
16, under 25	16.3	16.4	15.0	16.4
25, under 45	32.9	25.1	26.9	21.8
45, under 65	18.1	16.6	14.9	13.1
65, more than 65	5.1	5.8	3.4	4.3

protect themselves against adversity.[19] Negroes in many places have been the first to be dropped from their jobs, the last to be re-hired: the result shows in their slightly higher proportional representation on the relief rolls.[20]

“EMPLOYABILITY”

It is much to be regretted that there is no reliable means of determining in any authoritative manner the incidence of what is roughly known as “employability”. The possibility of employment is, as we all recognize, a complex social phenomenon. It depends upon the state of the total labor market no less than upon such factors as training, variety of skills, and applicability of skills to locally available industrial opportunities. It is possible, however, while avoiding the phantasy of “employability”, to discover something of occupational experience and special disabilities. Unfortunately, even in this field we are severely limited in our search for facts. A recent survey,[21] conducted by the FERA, discloses these data for relief clients in sample areas of five large industrial communities. While it specifies percentages, it apparently does so, not on the basis of social examination, but on the basis of questions answered by the case-worker, or perhaps, even by the family concerned. The totals must, therefore, be interpreted strictly in the light of this limitation. They do, however, present nearly all the available material in which findings cover more than a single community and are confined to the current relief load.

Eighty-nine per cent of the total households, according to the statement of the members interviewed, “include one or more members from sixteen to sixty-four years old who want to work”. Of these, 80 per cent are said to be experienced and to have had a record of at least one and a half years at a single occupation in non-relief work. Nearly two-thirds report four and a half years or more.

Three groups remain for consideration. It seems unlikely that any of them will, in any large numbers, be absorbed into a gradually reviving private industry. One is the group of those forty-five years of age or over. They comprise no less than 47 per cent of those clients who are experienced and state that they want work. A second is that group—11 per cent of all the families studied—in which all the members of the household were, for purposes of employment, either too old, too disabled, too young, or confined at home by the care of babies, invalids, or old people.[22]

In 13 per cent of the total house-

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[19] The following table, adapted from Tables E and F, *Ibid.*, p. 16, indicates the expected fact that there is a slightly larger proportion of large families among relief families than among the general population.

TYPES OF PERSONS ON RELIEF ROLLS, OCTOBER 1933

	Percentage			
	All Families		Relief Families	
Size of Families	Urban	Rural	Urban	Rural
1 person	N.R.	N.R.	14.9	9.9
2, 3, or 4 persons	71.1	61.2	63.2	52.5
5 or more persons	28.9	38.8	36.8	47.5

[20] In October 1933, 17.8 per cent of the total negro population was on relief. This may be compared with the 9.5 per cent of the white population and the 12.8 per cent of the population of other races who were on relief. *Ibid.*, p. 14.

[21] *FERA Release No. 1002,* January 7, 1935. The data is as of May 1934. The sample included 169,000 out of a case load of 1,154,000. The cities were Boston, Massachusetts, Buffalo, New York, Pittsburgh, Pennsylvania, Providence, Rhode Island, and Rochester, New York.

[22] *Ibid.*

holds, at least one member of the family was, at the time of the survey, already holding a job in private employment, although with an income insufficient to meet the families' budgetary needs.[23] We may assume that, granted a works program at fixed wages, some proportion of these persons, preferring the security of employment in private industry to the uncertainties of changing and temporary works programs, will not be available for the new works projects.

We cannot hazard a guess as to the number of persons among those now on the relief rolls who are "employable". We can foresee that many of those now earning insufficient wages in private industry, and the aged, and those whose disabilities or home burdens are great, will constitute that appreciably large load which, under the President's new plan, may become local charges, or better, may fall into one or another of those broad categorical groups for whose direct relief there will be federal grants-in-aid.[24]

A total of 18,686,325 persons[25] received relief under the auspices of FERA in October of 1934.[26] Of this number 4,827,534 were resident families and single persons—15 per cent of the total population.[26] There were 235,758 transients.[26]

This, however, does not exhaust the count. Disregarding the numerically small number of beneficiaries of isolated provisions in some states,[27] and disregarding pension payments to veterans and their dependents,[28] we find three large additional groups of persons receiving special forms of relief.

In June 1932, 22,273 blind persons received pensions.[29] On June 30, 1931, 253,298 children[30] were receiving mothers' aid. On December 31, 1933, 115,164 aged persons were on the rolls of old-age pension authorities.[31]

While public recognition of the need for mothers' aid is increasing, both the number of grants and their size appears to be decreasing. In one large metropolitan community there are now eight thousand uninvestigated applications on file, with only one thousand four hundred operative grants; and in some counties of the same state grants of two and three dollars per month are common.

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[23] In 66 per cent of these cases the supplementary income amounted to less than $15 per week; in 18 per cent, to less than $5 per week. *Ibid.*

[24] There is, of course, another large class of persons who are proper subjects for direct relief. Their incidence is not estimated in the FERA study referred to. This class is composed of persons whose physical disabilities, although not known to the case-worker or client, constitute a potential liability in a works program. Conceivably workmen's compensation claims may prove heavy, in such states as allow them, in work relief cases. In a recent Illinois study, physical examinations of clients already on relief work disclosed 1.6 per cent who were totally unfit for work, and an additional 15 per cent who were fit for work placement only in special occupations and with a physician's approval. Many of these workers presumably have no training which would fit them for these special occupations. Something between 1.6 per cent and 16.6 per cent, therefore, of those who otherwise might fall within a works program would, it is to be anticipated, become dependent upon direct relief if given the benefit of physical examinations. If not given this benefit, their physical disabilities will constitute a heavy potential liability under the workmen's compensation acts, or lay a heavy burden of injustice upon workers in states which deny such claims. Illinois Emergency Relief Commission, *Monthly Bulletin on Relief Statistics,* October 1933, p. 11.

[25] Resident and transient.

[26] *FERA Release No. 4423,* January 3, 1935. Corrected figures are not yet available for any later period. These figures include both general relief and special relief programs.

[27] Such as cancer care clients in New Hampshire.

[28] And pensions paid to public employees from contributory schemes, and the great number of dependent children cared for on boarding funds, etc.

[29] One state not reporting. *Preliminary Report of the Committee on Economic Security,* p. 30.

[30] In 93,620 families. *U. S. Children's Bureau Publication No. 220,* 1931, p. 10.

[31] *Preliminary Report of the Committee on Economic Security,* p. 28.

The number of states having mandatory old-age statutes is increasing (from four a decade ago to twenty-eight in 1934). This would tend to siphon clients from the relief rolls, were it not that the number of pensions is decreasing, thus throwing people back on relief, while the average grant is lowering, thus requiring numerous subsidies by relief bodies. In October 1933, there were more than four times as many people more than sixty-five years of age on emergency relief rolls as were in receipt of pensions.[32]

WHAT OF RELIEF COSTS?

The proportion of relief costs borne by private agencies is now estimated at less than five per cent.[33] By various methods the local governments have contrived to contribute, during the twenty-two months from January 1933 through October 1934, 19.3 per cent of the relief costs—a total of $370,731,344.17[34] Tax levies, bond issues, diversion of funds from purposes for which they were originally intended, the cutting of employees' salaries, and the use of accumulated surpluses—all were resorted to in the effort to meet the rising tide of relief costs. But there were limitations. The general property tax, upon which the local authorities had to rely for the bulk of their income,[35] was inadequate: there were necessary reductions in assessed valuations, poor collections, taxpayers' strikes. Constitutions,[36] statutes, city charters, and administrative orders placed limitations upon the power of local governments to levy taxes and/or to incur debt. Meanwhile there was a vast loss of markets for municipal securities.

The states therefore stepped in. During the period from January 1933, through October 1934, they contributed to general relief the sum of $272,543,229.32—more than one quarter billion dollars. This, however, constituted only 14.2 per cent of the total relief costs.[37] Further, the percentage contribution grew steadily less, so that in October 1934 it was only 8.9 per cent.[38]

The constitutional limitations upon state taxing powers are too well known to require extensive description. For example, in only ten states is the power to borrow beyond temporary and national defense requirements vested in the state legislatures.[39] But by October 1934, thirty-six states had made provision of some sort—appropriations from general revenues ($100 million from liquor revenue, $15 million from

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[32] *Ibid.*, p. 30.

[33] Gill, *Midmonthly Survey,* October 1934, p. 311.

[34] Exclusive of special categories such as blind pensions, mothers' aid, and old age assistance. By October 1934, the monthly contribution was $20,847,466.40—13.3 per cent of the total costs. *FERA Release No. 4436,* January 7, 1935.

The costs of the categorical forms of relief are borne, variously, by local, state, and co-operative local-state authorities. It is not possible to offer any very extensive report in this field. *The Preliminary Report of the Commission on Economic Security* notes the following recent expenditures:

Blind pensions, as of June 30, 1932	$3,969,642.00
Three states not reporting. P. 30.	
Old-age pensions, 1933	2,227,270.00
(Estimated from data on p. 29).	
Mothers' aid, 1931	33,885,487.00

[35] In 1930, 63.8 per cent of the revenue receipts of cities over 30,000 inhabitants came from this tax. In at least nineteen of these cities, 80 per cent came from this tax. Leland, Simeon E., "Public Welfare Governmental Relationships: Federal, State, Local," *The Social Service Review,* Vol. VII, No. 3, September 1934, p. 431, quoting from *Financial Statistics of Cities, 1930.*

[36] In "at least" eleven states for counties, and in more for cities. *Ibid.*

[37] Exclusive of the special categories. *FERA Release No. 4436.*

[38] $13,950,560.23. *Ibid.*

[39] Gill, *Midmonthly Survey,* October 1934, p. 311.

gasoline and motor taxes, and $20 million from sales taxes), and bond issues (approximating $300 million).[40]

The increasing need made federal assistance imperative. In the spring of 1932 Congress therefore made an initial appropriation.

Between January 1933 and November 1934 the federal government expended $1,278,741,495.20—66.5 per cent of the total relief bill.[41] In October 1934, the last month for which all comparable data are available, the federal expenditure was $121,949,841.00—77.8 per cent of the total.[42]

It is not to be supposed, however, that there was any very even distribution of the costs and of the contributions of federal, state, and local authorities. In October 1934, the federal allocation to Massachusetts was 28 per cent and to South Carolina and Mississippi more than 99 per cent. Ten states—Alabama, Florida, Georgia, Mississippi, Nebraska, North Carolina, North Dakota, South Carolina, South Dakota, and Wyoming—contributed no state funds; Delaware contributed 67 per per cent of her relief costs. Delaware local authorities, however, contributed nothing, while in Massachusetts the local grants constituted 72 per cent of the total.[43]

The burden of public assistance has not lain lightly on any area or on any state. In October of 1933 the urban relief load constituted 11 per cent of the urban population, while the rural caseload constituted 9.5 per cent of the rural population.[44]

In October 1934, every state was represented in the expenditure of relief funds.[45]

As is to be expected, however, the variation from state to state is large: there are 4,000 resident cases in Nevada and 509,000 in New York State.[46]

The categorical forms of relief show a far more uneven distribution. Twenty-four states are paying blind pensions.[47] Although twenty-eight states provide for old-age pensions, only sixteen are paying them.[48] In the forty-six states which have mothers' aid legislation, 45 per cent of the counties made no grants in 1931, and between 1931 and 1933 there was a decrease of sixty-nine counties in the number of those empowered to grant and granting.[49]

It is to be hoped that a business revival will provide employment for millions now out of work. But if our experience of past depressions means anything, if anything can be learned from the experience of other countries, and unless our first-hand, day-by-day observations during the past four years are all wrong, we will have for years to come a problem of widespread need several times greater than we had experienced prior to 1930.

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[40] *Ibid.* These allocated relief sums are, of course, trifling by comparison with the totals raised by these means. The gross public debt (exclusive of federal debt) is, for example, $20 billion. The total liquor revenue is said to be $2½ billion. The annual revenue from gasoline and motor taxes is estimated at $850 million, and from the sales taxes, in excess of $200 million. *Ibid.*

[41] *FERA Release No. 4436.* This does not, of course, include the value of the 692,228,274 pounds of foodstuffs supplied through the Federal Surplus Commodities Corporation. *New York Times,* October 18, 1934.

[42] *Ibid.*

[43] Gill, *Midmonthly Survey,* October 1934, p. 311.

For those interested in a further analysis, it may be of interest to state that the FERA grants for the fiscal year ending July 1, 1934, were recently (November 11, 1934) estimated by *The Boston Sunday Advertiser* (p. 16) to be $1,157,183,466; the total federal emergency expenditures (FCA, Treasury Department, AAA, FERA, HOLC, CCC, and PWA), $7,685,714,795, and the total federal revenues, $2,985,673,496.

[44] *FERA Unemployment Relief Census,* p. 14.

[45] *FERA Release No. 4423,* January 3, 1930.

[46] *Ibid.*

[47] *Preliminary Report of the Committee on Economic Security,* p. 30.

[48] *Ibid.,* p. 28.

[49] *Ibid.,* p. 25.

The man on the street is becoming aware of the long-time nature of the problem and the need for a long-time plan for its solution. Welfare officials have long recognized these facts. Both of the political parties believe (bear witness, the Presidential message to Congress on June 8 and the statement of the National Republican Committee at its meeting in Chicago on June 6) that we have a continuing welfare problem and a continuing governmental responsibility.

The extent of the problem suggests that we give careful consideration to future forms of public assistance. If private agencies are able to shoulder 10 per cent of the task of providing for the destitute of this country over a period of the next two decades, we will, in my opinion, establish an excellent record. The problem is in large part a continuing problem of large proportions and immense importance to our entire country, a problem which will require reorganization and modernization of many of our inherited ideas and outworn governmental practices and the development of a broad coöperative program by federal, state, and local governments. Nothing less will adequately provide the services which we must have in every state in this country.

THE PUBLIC'S RESPONSIBILITY FOR LEGISLATION

(Continued from Page 201)

great respect for the independent voter whose support must be earned at each election. But I have little use for the critical individual who from superior heights of self-esteem spurns work as a party member. For the average man or woman the point at which to begin to purify politics is within the party. Otherwise he or she must remain a bystander of the great game.

In contrast to other civilized countries, public office in the United States enjoys low prestige. For this reason, it attracts only a small proportion of the best capacity of the nation. Through a lack of understanding of the processes of free government, service in a party is considered to be even a lower form of animal life than service in a public office. But if stability and order are to mark our social and economic development; if our legislatures are to be responsive and responsible, a vote in the party primary is of greater importance than a vote on election day.

In a representative government the ultimate responsibility of the citizen in legislation is to get good men into the legislature. I have mentioned several removable obstacles to this, such as the bicameral system, lack of recognized leadership, and the power of pressure groups. Improving the mechanics of legislation will help improve personnel, but behind the personnel and determining its character stands each one of us as voters, and those who take a high hat attitude to political parties and political office will have much to answer for in the last great day of political judgment.

A Correction.—New Haven's tax rate for city purposes was $15.62 in 1934, and not $5.62, as reported in "Comparative Tax Rates" in the December 1934, REVIEW. The total rate is correct as reported, $27.50.

Taxation of Real Property in Pennsylvania

Tax situation in the Keystone state surveyed by its former budget secretary

EDWARD BATES LOGAN
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In Pennsylvania the real property tax is the most important one in the whole tax structure. Of the total taxes amounting to $412,000,000 collected by the state and local governments in 1932, approximately $300,000,000 or 72 per cent, was derived from the real property tax.

The real property tax is levied only by local governments—cities, boroughs, townships, counties, poor districts, and school districts numbering in all 5,634 separate taxing districts. The state gave up the real property tax as a source of state revenue in 1866. The tax is levied upon all real estate which by law is defined to be: "Houses, lands, lots of ground and ground rents, mills and manufactories of all kinds, furnaces, forges, bloomeries, distilleries, sugar houses, malt houses, breweries, tan yards, fisheries and ferries, wharves and all other real estate not exempt by law from taxation."

Certain classes of real estate are exempt by law from taxation including chiefly property classified as that of religious, charitable, and educational institutions; burial grounds and mausoleums, vaults and crypts; public property; property belonging to ex-service men; and the real estate of public utilities.

Assessments are made by two governmental units, the county and the city. The county assessment serves as the basis for the levying of county, borough, township, poor, and school taxes where the school district does not lie within the limits of a city. The city assessment serves as the basis of the city tax and school district within the city.

In sixty counties of the sixty-seven in the state, assessments are made by assessors elected locally in the taxing districts, which assessors have practically no supervision in their work. The only supervisory body is the elected board of county commissioners acting ex-officio as a board of revision. In the other seven counties there is an appointed supervisory board and appointed assessors to make the assessments in counties.

With the aid of workers furnished by civil works administration funds and the coöperation of faculty members at twenty-four colleges scattered throughout the state a survey of assessments was made in twenty-six counties of the sixty-seven in Pennsylvania.

The chief purposes of the survey were to determine whether assessments are being made in conformity with the standard of valuation established by law, that is, the full sales value, to determine whether uniformity as required by the state constitution is being secured, and to determine the burden of the tax on real property income.

Information showing sales values and

assessed values was obtained for 26,301 properties in the twenty-six counties. Information showing taxes paid and income on properties was obtained for 20,958 properties in twenty-five counties for the years 1931, 1932, and 1933.

Tabulation of the information showed that valuations as a basis for applying the real property tax were made far below the full sales value standard established by law in the counties outside of Philadelphia, and above the standard in Philadelphia. The percentage of assessed value to sales value outside of Philadelphia was 59.8, in Philadelphia 110.2.

ASSESSED AND SALES VALUES VARY

Among the counties there was found to be a great variation in the relationship between assessed values and sales values. From a median percentage of 36.7 in Northumberland County the median percentages varied up to 110.2 in Philadelphia, or a high of 92.8 in Huntingdon County outside of Philadelphia.

The information was tabulated by subdivisions in each county and there was found to be great variation in the average percentages of assessed values to sales values for the various subdivisions.

In Lehigh County the average percentage varied from a low of 38 per cent in Washington Township to a high of 96 per cent in Heidelberg Township; in Clinton County the average assessment as compared with sales value varied from 16 per cent in Castancea Township to a high of 126 per cent in Colebrook Township; in Montgomery County the average varied from a low of 27 per cent in Red Hill Borough to a high of 100 per cent in Skippack Township; in Chester County from a low of 39 per cent in Schuylkill Township to a high of 105 per cent in West Whiteland Township; in Philadelphia from a low of 73 per cent in the second ward to a high of 206 per cent in the fourteenth ward.

An examination of individual assessments shows great extremes. Assessments in some districts in comparison with sales value are fifty times and more than that of others.

The information for the twenty-five counties outside of Philadelphia was tabulated to ascertain whether rural and urban property is being taxed equitably. For all of the properties in the twenty-five counties it was found that rural properties were assessed higher than urban properties. The median assessment percentage for rural properties was 68, for urban properties 57. In many counties there was a much greater difference. In Adams County the rural median was 72, the urban 46; in Clinton County the rural median 73, the urban 51; in Lancaster County the rural median 66, the urban 47; in Union County the rural median 102, the urban 52. In a few counties the urban median percentage exceeded the rural median.

The county and city assessments on the same properties were compared in eleven third class cities. Great differences in valuations were found on identically the same properties. A few cases in Lancaster serve to illustrate the incongruity. A property of which the last sales price was $3,750 was assessed by the county $1,300, by the city $4,500; another of which the last sales price was $1,900 has a county valuation of $800, a city valuation of $2,800; another with a sales price of $1,800 assessed by the county $1,000, by the city $2,600; another with a sales price of $25,500 assessed by the county $5,000, by the city $22,000. Many other similar illustrations could be given in Lancaster and other third class cities.

One of the most important tabulations was to determine whether properties of different values were being valued and taxed equitably. For such a determination the information for the properties was tabulated by value groups. The tabulation shows that there is a heavier concentration of the tax burden on low value property than on property of higher value.

EQUITABLE VALUATION

That condition is notably true in some counties. In Philadelphia properties in the lowest value group, below $1,000, are valued at an average of 341 per cent of sales value which is 182 per cent above that of any other value group. The next highest is 159 per cent for properties valued between $1,000 and $2,000. In Adams County properties in the lowest group, that is below $1,000, were valued at 119 per cent of sales value; the next highest percentage was 76 which was in the next higher value group, $1,000 to $2,000. In Union County properties in the lowest value group were valued at 103 per cent with the next highest percentage 74. In Indiana County the percentage was 111 for the lowest value group with the next highest 83.

The information shows that there is discrimination against low value properties in comparison with higher value properties. Because the largest number of properties fall in the low value groups the conclusion can be reached that a program of equalization of assessments would result in more decreases than increases. Such a conclusion is borne out by the results obtained in Allegheny County where a program of equalization is now under way. In adjusting the valuations on 39,000 properties there were 31,000 decreases.

Comparison of taxes paid on properties and income from properties shows that taxes are taking varying proportions of the income. There is great variation in this respect from county to county, subdivision to subdivision, and among the individual properties. In some subdivisions taxes take four to five times as high a percentage of income as in others. Many cases were found where the taxes exceeded the income from property. In Philadelphia for all of the properties for which information was obtained, 12,551 properties, taxes took 50 per cent of the rental income from the properties.

The study shows that valuations as a basis for the property tax are not being made according to the standard provided by law and no other standard could be discovered. Valuations as now made are far from the uniformity required by the state constitution. Moreover, there is discrimination against rural properties and there is a graduation of the rate on those who own low value property.

The results shown in this study bear testimony of the defects in the assessment system. Pennsylvania is one of the few states not having a state tax commission to furnish supervision. The system in sixty of the counties is extremely decentralized with locally elected assessors. In the other seven counties where an appointive system has been established there has not been established a method of securing assessors with the proper knowledge and training and one proof against political manipulation.

This study shows that property owners in the counties are paying varying rates of property tax and contributing to the support of government on an inequitable basis. It appears that the assessment system will have to be completely reorganized before the property tax can be placed on a basis by which it will be fairly applied.

Origin of the Direct Primary

By James H. Booser

OF ALL political inventions made in the United States none is more distinctive than the direct primary. In spite of long and wide use here no other country has imitated it. As to its origin in informal party rules there has been much dispute. The honor has been claimed for Virginia and California, also rather more definitely for the Republicans of Crawford County, Pennsylvania, hence the name "Crawford County System" which was commonly used down to the beginning of the present century. There is even greater disagreement as to the date of its origin, some authorities fixing it as late as 1870, others in 1868, or at the beginning of the 'sixties.

Recent researches in the files of old newspapers, chiefly of the Crawford *Democrat*, preserved in the public library of Meadville, prove beyond question that the first use of the device was made by the Democrats of Crawford County, Pennsylvania, on September 9, 1842—that is, two decades or more before the dates hitherto accepted. Already at that early time the delegate convention system had developed evils, particularly the outbreak of party disunity following factional fights. It was with the intent of avoiding these evils that one George Shellito, otherwise unknown to fame, introduced the following resolutions which were carried unanimously at a mass meeting of Democratic citizens of Crawford County, August 9, 1842.

> Resolved, That a convention shall meet on the last Tuesday of June in every year hereafter, at the court house in the borough of Meadville at 2 o'clock P. M., and that there shall be meetings held in the several districts of the county on the Friday preceding the meeting of the convention between the hours of 3 and 6 o'clock P. M., when the qualified voters shall choose one person for chairman and two persons for secretaries of the meeting. The Democratic electors shall then proceed to vote by ballot for the different candidates for the various offices to be filled at the ensuing general election, and when counted up and certified by the officers of the meeting, one copy of the returns shall be left with the secretaries and the other copy shall be taken charge of by the chairman, whose duty it shall be to make a return of the same to the county convention on the day above-mentioned. Upon the meeting of the return judges they shall choose out of their own number one person as president, and two persons as secretaries; and they shall proceed to cast up the votes given, and the two highest in vote shall be declared duly nominated for members of assembly; and for all other offices those having the highest number of votes shall be duly nominated. In case the chairman of the township meeting cannot attend, one of the secretaries shall take charge of the returns and act in his place in the county convention; and in the event of there being a tie between any two of the candidates, the convention shall choose one of them, who shall be the candidate.
>
> Resolved, That all persons who wish to be candidates shall have their names published at least three weeks before the township meetings.
>
> Resolved, That for this year district meetings shall be held Friday, September 9, and convention Tuesday, September 13.

Further evidence of the early origin of this political device is afforded by the attention which it soon received elsewhere. In 1844 the Democratic party of Greene County, in southwestern Pennsylvania, adopted the Crawford County system. Its later popularity throughout the Keystone State was due to general dissatisfaction with county delegate conventions. To inquiries from the county of York, far to the east across Pennsylvania's mountains, the Crawford *Democrat* of November 13, 1845, replied:

> Meadville respectfully suggests the adoption of the "Crawford County system" as it is generally known by that name in this state . . . We consider it the most fair and honorable system that the Democratic party can do battle under. Under its provisions, every member of the party is heard; there can be no intrigue or corruption used . . . the sovereign voters themselves declare who shall be their candidates, and the cry of bargain and sale, packed conventions, disobeying instructions, &c., will be hushed.

From Pennsylvania the plan, hailed as a "revival of democracy," spread widely throughout counties in the south, the middle west and the far west. Crawford Democrats sanguinely hoped "to see this system adopted in every county in the state". Their descendants not only realized that wish, but also, after 1903, saw the Crawford County system, rebaptized as the direct primary election, enacted into law by every state in the union with three exceptions.

A CIVIL SERVICE PROGRAM FOR NEW YORK

(Continued from Page 211)

in all parts of the service. Taking the city services as a whole, promotions in the clerical grades appear to be slowest in those departments which are dominated by politics.

The problem of employee participation in management does not press itself aggressively upon the commission at present but the time is now ripe, in view of the growth of employee organizations, for their participation in personnel administration. New York has had a long history of civil servants' organizations, but they have never been made a responsible part of the personnel administration as they have been, for instance, in the British Whitley council system. Instead, they have been forced into a form of private politics for private ends. A government engaged in forcing a settlement of such problems in private enterprise cannot long delay attention to the civil servants' grievances. It is to be hoped, moreover, that European experience will have some decisive influence in our settlement of the problem in public employment.

The constitution of the commission and its relation with the state commission and the agencies of local government are also matters of concern but we hope to deal with those problems elsewhere. It ought to be said here, however, that members of the commission cannot escape responsibility by pleading legal limitations on their powers. It is incumbent upon them to urge changes in the law. There is danger that the commission may meet a difficult situation with a familiar formula: there are "practical" aspects (really red tape) which make this or that difficult and therefore impossible. Legal obstacles may be brought forward as permanent and impassable barriers to otherwise desirable changes. The brilliant precedent set by the commission from 1914 to 1918 may be forgotten. Courage, policy, funds, and research are pressing needs of the present commission. These are essential today even though the results may not appear in the service for some years.

NEWS OF THE MONTH

NOTES AND EVENTS

Edited by H. M. Olmsted

Rhode Island State Departments Simplified.—The government of Rhode Island has been administered by almost one hundred commissions, boards, and departments, some of them overlapping; but following the New Year's Day "coup" by which the new Democratic government overthrew various heavily entrenched Republican strongholds in the judicial and administrative branches, these commissions and other agencies have been replaced by a greatly simplified structure, even prior to the enactment of a detailed new administrative code.

According to F. Lauriston Bullard in the New York *Times* for March 17, "All have been consolidated into eleven departments, four to be administered by executives chosen by the people and seven by appointees of the governor, while the governor will have direct supervision over them all.

"The executive departments are headed respectively by the governor, the secretary of state, the attorney general and the general treasurer. The seven other departments, each directed by an appointee of the governor, are public welfare, public works, taxation, education, labor, agriculture and public health. The titles imply the allocation of duties.

"Among their dramatic strokes on January 1 the Democrats included the passage of a bill for these consolidations. The transition has been accomplished by virtue of the powers conferred in that skeleton enactment. . . . Outworn makeshifts of administration have been swept away. What the people now are most anxious to see is the choice of real experts to manage the departmental divisions."

Meanwhile the new supreme court has before it the question of the constitutional right of the general assembly to call a convention for revision of the constitution.

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Trenton Adopts City-Manager Plan.—The voters of Trenton, New Jersey, approved the adoption of the city manager form of government on March 19 by the overwhelming vote of 18,623 to 11,676. Trenton becomes the seventh and much the largest municipality in New Jersey to adopt this type of government, and in doing so abandons the commission plan which has been in operation since 1911. Two of the commissioners who now go out of office have been members of the ruling body continuously since that year.

The new council will be elected on April 16 and the new government will take over the management of city affairs on May 14. Nine councilmen-at-large will be selected for a four-year term and will be subject to removal by recall after a year in office. This recall provision in the New Jersey law is no dead letter as Asbury Park is to have a recall election on April 9, the close of the first year of city management in that municipality. The salary of members of council under the new law is fixed at $1,200, but the council has the power to turn back this amount to the city treasury. By majority vote of the new board, one member will be designated as mayor of Trenton. The council will, of course, name the city manager and fix his salary. In addition to the terms of all five city commissioners expiring on May 14, the terms of all appointive city officers and their subordinates also will end one month later. City employees under civil service are not affected by the change in government, nor are the members of the board of education, trustees of the Free Public Library or employees of the city school system. This new form of government must receive at least a four-year trial, as the law specifies that it cannot be changed within that period.

Public opinion was incensed when Mayor LaBarre, Police Commissioner, following a departmental investigation, reinstated the police chief and a sergeant who had been accused of graft in connection with the "number racket". A few days after this act the Good Government League was formed to sponsor the council-manager campaign. By a curious coincidence, the verdict of the Mercer County jury holding the police chief and sergeant guilty of the charge referred to above was handed down as the polls were closing on March 19. The police investigation and the rising city debt ($21,000,000) coupled with a rising tax rate were the chief targets of those advocating the manager form of government. With all due respect to the admitted advance in city government which has been contributed by the city manager development the voters of Trenton were voting against their commission rather than for the city manager form. The city commission carried but eight of the eighty-two districts. The tremendous interest in the special election was demonstrated by the truly extraordinary vote, only 2,500 less than at the last general election.

The campaign, beginning with the petition of 15,000 signatures, 10,000 more than necessary, consumed less than six weeks. The strategy of the Good Government League, which banked on a short, sharp campaign in which current public dissatisfaction with the police scandal could be utilized to the utmost, proved eminently successful and Trenton should profit by the efforts of those who saw and made use of a golden opportunity to improve the form of their city government.

C. R. Erdman, Jr.

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West Virginia Legislature Destroys Hinton's Council-Manager Charter.—The history of the Hinton charter change is as brief as it is sordid.

There was no original intent to destroy the council-manager plan. Our representative in the lower house of the legislature introduced an amendment reducing the council from sixteen to five members and providing for election at large instead of by wards. This measure was not objectionable—favored in fact—and would have passed in regular order on regular calendar.

Two citizens of Hinton, just two, reinforced by less than a dozen letters and telegrams from anti-administration politicians, appeared one morning at the state capitol. Within a few hours they managed, apparently without the least difficulty, to have a senator from another county and a resident of another village (population 231) submit some fourteen amendments to the pending charter bill. This same senator obtained suspension of the constitutional three-day deliberation requirement and before nightfall our charter had been stripped of the city manager feature and the appointment of a recorder made optional instead, effective July 1.

The bill, as passed, had not been printed. It was not read by members of either the house or senate before passage. The bill did not contain a referendum clause and the people of the city have no voice in the charter change. Its passage caused the prompt resignation of Hume K. Nowlan, who has served as city manager with outstanding success for eight years.

The new charter has set good government in Hinton back at least ten years. A municipal "home rule" bill was, however, passed by the same legislature and in 1936 the substantial citizens of this city will lead a movement to return Hinton to its proper place in the fold of council-manager cities.

J. E. Faulconer

Editor, Hinton *Daily News*

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Other City Manager News.— On March 5 Huron, S. D., (10,946) adopted the provisions of the state's city manager enabling act. Nine councilmen will be elected on April 16 to serve under the provisions of the new charter.

Braintree, Mass., (16,712) defeated a hybrid city manager charter, which had been enacted by the legislature, on March 4; Raleigh, N. C., (37,379) also defeated a manager proposal on March 12. In the latter case the defeat was attributed to a heavy rain storm—only 6,250 votes were cast out of a possible 15,000.

Wheeling, West Virginia, (61,659) will vote on a charter, providing the manager plan of government with proportional representation for the election of the council, on April 18 (see note on page 234).

A bill has been introduced in the Nebraska legislature to make the city manager plan optional, by popular vote, for all cities having not less than one thousand inhabitants. It is deemed to have excellent chances of passage.

Bills enabling second and third class cities to adopt the manager plan are now before the Kansas legislature.

In Council Bluffs, Iowa, (42,048) the city manager league has launched a movement and circulated petitions to secure the adoption of the manager plan.

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Improving Relief Administration in New York Cities.— Improvement in administration of relief throughout New York State is the aim of a manual of procedure now in preparation by Public Administration Service of Chicago for the New York State Temporary Emergency Relief Administration.

Heretofore regulations and instructions have been issued from time to time to the 119 welfare districts in the state as changes were made in the relief program. Now, with the belief that relief procedures may be more or less codified, all previous bulletins have been digested and incorporated in the manual, which outlines simplified methods for operating the program, based on first-hand information.

The manual sets forth the eligibility requirements for receiving relief, the method for determining the amount of relief to be granted, and the procedures to be used in granting it. Forms have been designed to meet the need for a complete financial and social record of each relief family and for determining the eligibility of applicants.

The manual also enumerates the methods, records, and accounting required in conducting work relief, surplus commodity distribution, the educational and college-aid programs, rural rehabilitation activities, and other branches of relief.

With these fundamentals in operation, New York State is prepared to meet any changes in the federal relief program with a minimum of effort and lost motion, according to Donald C. Stone, director of Public Administration Service. Many of the new procedures advised in the manual are already in operation in cities of the state, which spends approximately thirty million dollars a month on its half a million relief cases.

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Laws and Proposals for Reorganization of State Welfare Work.—Recently enacted or proposed legislation for improving the machinery of welfare administration are summarized in *Public Welfare News,* the bulletin of the American Public Welfare Association.

Arkansas and Wyoming have lately created state departments of public welfare and county boards of welfare with limited relief functions.

Michigan and Missouri legislatures, upon the advice of official commissions and committees given during the past year, are considering bills for reorganized state departments of public welfare with related county units. Oregon and Washington are doing likewise.

Nebraska is considering creating a state department of public welfare with combined health, welfare, and labor functions. New Hampshire is considering the establishment of a state board of welfare and relief.

A Colorado bill, if enacted, would considerably extend the functions of its now inactive division of public welfare. A California amendment would transfer the appointment of the director from the governor to the board of social welfare. An Arizona amendment would give the department more powers relating to relief. A West Virginia bill proposes more powers to the present state department and would also create welfare districts with agents paid by the state. A Georgia bill is designed to create a board of public welfare in each county.

New York State has extended the life of the TERA to February 1936, and has taken the first step toward correlating relief work with permanent welfare functions by authorizing the state commissioner of social welfare to attend meetings of the emergency relief administration.

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New York City Planning Conference Backed by Civic Groups.—At the conference on city planning held in New York City in February under the auspices of the mayor's committee on city planning, delegates from more than two hundred civic organizations in that city adopted a resolution providing for similar conferences twice a year and endorsing Mayor LaGuardia's proposal to establish city planning on a more permanent basis in New York City.

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Emergency Aids to Education.—In one of its recently established news letters issued from its Washington headquarters, the National League of Women Voters calls attention to the various types of federal assistance to education, listing the following amounts provided by four federal agencies up to the end of the last fiscal year, June 30, 1934: Federal Emergency Relief Administration, division of emergency education projects, $24,500,000; Public Works Administration, construction and repair of schools, $74,000,000; Citizens' Conservation Corps, education program for youth in camps, $817,000; and Civil Works Administration, repair and alteration of school buildings, $60,000,000. The Federal Subsistence Homesteads Corporation and the Federal Housing Corporation are also assisting with projects for school buildings, nursery schools, and playgrounds. The Reconstruction Finance Corporation may make loans to pay teachers' salaries due prior to June 1, 1934, from a fund of $75,000,000, but only one loan, of $23,000,000 to Chicago, has been made. Many applications have been received, but it is stated that only rarely have school districts been able to offer the "full and adequate security" required by law.

The types of emergency education projects under the FERA include emergency nursery schools, adult vocational training, adult vocational rehabilitation, adult illiteracy, and general adult education.

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New Jersey As An Example of Changing Relief Problems.—Emergency relief continues to be the chief problem of government in New Jersey, and has increased in scope in its third year. Administrative efficiency constitutes the objective of 1934 legislation transferring the functions of a single director of relief to an administrative council. The administrative policy determined by this body is put into operation by an executive director assisted by five departments, specialization in which is reflected in sixteen divisions.

During the year an increasing number of volunteer workers were replaced by trained paid workers. Demand for skilled case workers as home visitors continued to exceed the available supply, and to meet this need the Emergency Relief Administration is now offering at various centers both elementary and advanced courses in training for this recently expanded form of public service.

Total number of relief administration employees rose from 1,489 to 4,727 during the year, half the increase being registered in municipal districts. The monthly cost of administering relief leaped from $130,000 to $408,000. The relief load increased from 68,000 families to 130,000. The year-end figure, which represents 504,000 persons, constitutes a record to date, even exceeding the distress registered in March 1933.

The monthly relief cost of $4.18 per family and 94 cents per person in September 1932 has mounted to a monthly average of $22.35 per family and $5.66 per person during the third year.

Modification and classification of many items of relief have been realized, and two new items were added during the year. Dental service is now available to relief clients. Cash relief for those clients who participate in the work program or who are excused because of physical handicap or infirmity was inaugurated July 1, 1934. In four months this item reached 6 per cent of the total annual relief expenditures, and bids fair to further replace the food order. Work programs have been extended over a wider range.

Financed largely by purely private agencies and community chests at the beginning of the depression, emergency relief received special recognition as a function of municipalities in legislation of 1931, which "enabled" them to finance the extraordinary demands occasioned by the crisis. From a 65 per cent contribution to relief costs in December 1931 municipalities fell to a 25 per cent performance the following September; at this time 131 municipalities acknowledged inability to make any contribution at all, and their entire burden fell on the state. In the whole period of public financing to June 1934, municipalities contributed 22.1 per cent; their low was reached in November 1933 with 4.9, but a rally in April following brought them to 8.4 per cent of total expenditure.

Of the second-year expenditure of 24 million dollars, the local contribution was 15 per cent, the state 60 per cent, and the federal

25 per cent. Of the third-year total of 44 millions, the local contribution was 6, the state 19, and federal 75 per cent. In eighteen months federal contributions to relief in New Jersey have shot from zero to 75 per cent. An announcement that federal help will be withheld if New Jersey fails to raise some $2,000,000 a month for relief actuates the governor's present proposal for sales-income tax legislation.

John J. George

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COUNTY AND TOWNSHIP GOVERNMENT

Edited by Paul W. Wager

Two More Counties Move Toward Manager Plan.—The Kern County, California, board of freeholders elected in November, 1934, has completed its work in preparing a county-manager charter to be submitted to a vote of the people during the next month or two, while the grand jury of the Superior Court of Hall County, Georgia, by a vote of thirteen to nine, has recommended that the county-manager plan be adopted and that a well-trained non-resident be appointed as manager, according to the International City Managers' Association.

H. M. O.

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Ohio—Optional County Legislation.—The Commission on County Government has submitted to the Ohio legislature a series of ten bills embodying its principal recommendations as to county reorganization. In drafting its measures the Commission has sought to make possible both complete and partial reorganization. The major bill authorizes three optional plans of county government, subject to adoption by the local electorate. These are: (1) the county manager plan, (2) the elective executive plan, and (3) what is called the appointive executive plan. The elective executive plan provides for the election of both the board of county commissioners and the county executive, who has the appointment of other administrative officers. The appointive executive plan differs from the manager plan only in that department heads are appointed and removed by the county commissioners on the recommendation of the executive rather than by the executive on his own initiative. In general, this plan resembles the "executive plan" in Virginia and the form of organization long employed by Ohio school districts.

Under each plan the method of nomination and election and the size of the board of county commissioners are left to local determination. Nominations may be made by nonpartisan primary, petition, or party primary, as the county prefers, and the membership of the county board may vary from three to nine, depending on the population of the county. Five departments are provided under each plan—finance, public works, welfare, law enforcement, and records and court service; but the county commissioners may combine departments or create new ones, according to local needs. In counties of less than 50,000 population the county executive is required to serve as the head of a department except under the elective executive plan. The prosecuting attorney, who is included in the department of law enforcement, may be chosen either by appointment or election. All other departmental officers are appointive.

Other bills open the way for piecemeal reorganization in counties which are not ready for the adoption of a complete new form of government. These bills permit the combination of the offices of auditor (actually an accountant and assessor rather than an auditor) and treasurer, the concentration of welfare activities in a single department, the establishment of centralized purchasing, and the substitution of an appointive medical examiner for the elective coroner.

To facilitate reorganization in the large urban counties, legislation has been introduced permitting townships and municipalities voluntarily to transfer activities to the county or to contract with it for service. Another measure extends the powers of counties which adopt charters by enabling them to take over health administration and poor relief work for the entire county area.

At the time of writing, it is impossible to forecast the action of the legislature with reference to these measures. In the large counties and among business men throughout the state sentiment favors reorganization, but a great deal of education is still necessary in rural territory. In the lower house the rural counties have the majority. Whether it will be possible to overcome the combination of rural inertia and the opposition of courthouse officials remains to be seen.

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Minnesota—Dissolution of Townships.—Organized townships, legally called towns in Minnesota, may be dissolved in several different ways. Prior to 1929, in addition to the possibility of court action against towns not legally organized, towns could be dissolved by the county board in cases where they had not functioned for a number of years. At about that time and later the decline of population, industry, and wealth in some of the cut-over regions in the northern part of the state, the serious increase of tax delinquency, and the impact of the depression, forced residents of the northern counties to think about simplifying local government as a means of tax relief. As a result, each of the last three regular legislative sessions has been marked by the enactment of new laws authorizing the dissolution of town governments.

An act of 1929 (ch. 345) authorized the abolition of towns in a certain county by popular vote. The vote taken was unsuccessful. In 1931 another act (ch. 96) authorized a vote in any town on the question of dissolution, but left the final decision to the county board. Six towns in three different counties seem to have dissolved under this act.

By 1933 the tax delinquency situation was desperate in certain northern counties. In six counties, on January 1, 1933, over 50 per cent of the 1931 property taxes (payable in 1932) was delinquent, and in a number of others 30 or 40 per cent was delinquent. The 1933 legislature authorized the county board to dissolve any town in which tax delinquency exceeded 70 per cent (ch. 235) and it also enacted that "Whenever the assessed valuation of any duly organized civil township drops to less than $50,000, or whenever the tax delinquency of any such township amounts to 50 per cent of its assessed valuation, or where the state has acquired title to 50 per cent of the real estate of such township, . . . the county board by resolution *shall* declare any such township, naming the same, duly dissolved and no longer entitled to exercise any of the powers or functions of an organized township." (ch. 377).

This act seemed to impose a duty on the county board in certain cases, but in fact local resistance, the unwillingness of the county boards to take an unpopular action, and other factors, have combined to prevent the operation of the law as apparently intended. According to reports received, only six of about a dozen counties which might have acted under the law have done so. Of the six, only one (Lake of the Woods county) has dissolved all its organized towns, twenty-nine in all. The other five have dissolved from one to seven each, a total of twenty-four.

Altogether there have been fifty-nine dissolutions since 1930, the number of townships thereby being reduced by three per cent from the 1930 total of 1973. Although this reduction is not large, and Minnesota still has more organized towns than any other state in the Union, it is important because for the first time the trend in numbers has turned downward. Financial distress has made necessary a course of action which persuasion alone was unable to bring to pass.

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Colorado—Denver: An Example of City-County Consolidation.—With the modern trend toward consolidation of local units of government Denver city and county consolidation has attracted much attention.

Denver was before 1902 the county seat of Arapahoe County. It had its own city government and that the traditional mayor-council form. An amendment to the state constitution in 1902 consolidated the city and county of Denver, permitted the abolishment of duplicating offices, and established home rule, but an adverse decision of the supreme court ended the merger. In 1911 the court reversed its decision, and in 1916 the present arrangement of city-county consolidation was completed.

This provided for the election of a mayor for a term of four years and a council of nine members elected by districts for a term of two years. The mayor has in his appointive cabinet four managers of departments: improvements and parks, revenue, health and charity, and safety and excise (fire and police). The cabinet also includes the city attorney and the commissioner of supplies (the purchasing agent). In addition, the auditor, who is elected, usually attends the cabinet meetings. The mayor also appoints a number of boards. The council has full legislative power, with the mayor possessing a suspensive veto.

The statutes of Colorado provide for the election of the following county officers: three commissioners, a clerk and recorder, sheriff, treasurer, assessor, coroner, surveyor, superintendent of schools, county judge, justices of the peace, and constables. With the consolidation of the city and county of Denver the county offices and functions were merged with those of the city.

The functions of the county commissioners were taken over by several different agencies. The commissioners' function as a board of equalization was taken over by the president of the city council, the manager of revenue, and the manager of improvements and parks. The manager of health and charity took over the supervision of the Denver General Hospital, the Denver Farm, and the care of the poor. The supervision of roads and bridges was given the manager of improvements and parks; and the care of public buildings, formerly belonging to the county, was passed to the commissioner of supplies. All the functions of the county commissioners, in this manner, were completely absorbed by the city government.

The functions of the county clerk and recorder were absorbed by the city clerk and recorder. The county treasurer and county assessor were transferred to positions under the manager of revenue. The functions of the county sheriff were transferred to the manager of safety and excise. The office, however, was retained and given a subordinate position under the department of safety and excise. The functions of the county coroner were taken over by the manager of health and charity.

Under the consolidation plan, the county superintendent of schools, county surveyor, and county attorney are appointed by the mayor and perform duties similar to those usually performed by county officers of the same title.

The courts of record set up by statute are not affected by the consolidation. The justices of the county and juvenile courts and the six district judges remain elective. The district attorney also remains an elective officer and his duties are the same as before. The work of the three justices of the peace was passed to two justices of the peace and a municipal judge appointed by the mayor.

Under the present city-county government the administration is highly centralized. However, the people elect their school board, election commission, civil service commission, and auditor in addition to the council and the courts mentioned above. They have an additional check on the government through initiative, referendum, and recall.

There is little doubt but that city-county consolidation in Denver is one of the most successful in the country. The success is in no small degree due, however, to the fact that the boundaries of the city were extended to insure growth for many years to come. This extension was made possible because there were no sizeable municipalities near Denver to contest it. Denver has had a comparatively clean political record since consolidation and has had as able an administration as can be found in any American city.

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California—Local Government Proposals before the Legislature.—Efficient and economical administration in local government is the purpose of a number of bills and constitutional amendments introduced in the present session of the California legislature. The following paragraphs present a summary of some of the new proposals.

State Commission to Coördinate Activities

The creation of a state commission to coordinate activities among the local governments and with the state is provided for in a bill now before the assembly committee on governmental efficiency and economy. The commission, which would serve without compensation, is to be composed of the governor, the director of finance, state controller, legislative counsel, director of the bureau of public administration of the University of California, all ex officio; and one representative of each of the various state associations of local public officials. It is further provided that all findings and recommendations of the commission should be reported to the governor and the legislature at the end of 1936. (A. B. 234)

Functions

County boards of supervisors would be empowered to contract with cities and towns to perform any functions for a term not longer than five years, but with the privilege of renewal, according to an assembly bill. (A. B. 771, 963). A proposed constitutional amendment authorizes the legislature to provide by general laws for the performance by county officers of the assessment and collection of taxes for cities, chartered or unchartered, and districts. (A. C. A. 57)

County and City and County Consolidation

Several county and city and county consolidation bills and constitutional amendments await committee action. One assembly measure would establish a county consolidation commission to study this subject and to report at each regular legislative session. (A. B. 15) Another bill requires the board of supervisors to call a special election for the consolidation of contiguous counties on the petition of one-quarter of the qualified electors of any county. (A. B. 993 partial skeleton)

A proposed constitutional amendment directly abolishing the existing fifty-eight counties and providing for eleven after July 1, 1938, enables the legislature prior to that date, however, to designate not more than nine more counties by law. The legislature must determine boundaries and county seats of all counties. The amendment would abolish all consolidated city and county governments. (A. C. A. 23) Two amendments propose to empower the legislature to provide by general law for the consolidation of two or more contiguous counties or cities and counties when authorized by a majority vote of the people of the territory involved. (A. C. A. 1, 8) Another amendment establishes machinery for the voluntary consolidation of counties and the framing of charters for counties formed by that consolidation. It provides that the board of fifteen freeholders shall be elected by the qualified electors of all the counties concerned, by a system of proportional representation to be designated in the ordinances or the petition in pursuance of which the board is to be elected. The proposed charter will not be deemed ratified unless a majority of the qualified electors of each county involved vote in its favor. (A. C. A. 60) The purpose of another assembly amendment is to strike out the present restriction on city and county consolidation limiting consolidation to those counties with at least 200,000 population in 1910. (A. C. A. 3)

Victoria Schuck

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TAXATION AND GOVERNMENT

Edited by Wade S. Smith

Tax Delinquency Survey for Detroit's Second Ward.—Apartment houses present the most serious tax delinquency problem, according to a study by Miss Virginia L. Eyre, just published by the Detroit Bureau of Governmental Research. Utilizing Detroit's second ward, a representative district of high type improved property, the study revealed that the average delinquency for the ward was about 30 per cent of the current tax levy for 1932. Office buildings had a delinquency of only 9 per cent, residential property had an average delinquency of about 35 per cent, while apartment houses showed an average delinquency of 76 per cent, more than twice the average for the entire ward.

The study shows also that tax delinquency increased by fairly regular increments from a starting point of about 5 per cent in 1925 to 12 per cent in 1929. Had this trend been projected through 1933, it would have predicated a delinquency of 20 per cent for that year, instead of the 40 per cent delinquency which actually occurred. The study concludes that about half of the heavy tax delinquency of the past few years would have happened anyway, and was not born of the depression as popularly supposed.

The analysis showed that apartment house delinquency has always been out of proportion with the average delinquency in the ward. In 1926, it was seven times the average; in 1929, slightly more than twice the average. The apartments have consistently shown a delinquency of about 25 per cent.

Location, age, and size had no relationship to delinquency, or only a slight relationship. Where the land value was less than 20 per cent and over 200 per cent of the building valuation, tax delinquencies were high. However, the only factor which appears to have any influence on tax delinquency is the method of financing. Apartment houses on which no mortgages were recorded showed the best taxpaying records. The worst records were those of properties on which the mortgages were under foreclosure—properties which are often "milked". In 1931 and 1932 such properties had a delinquency of over 90 per cent. Privately managed apartments also showed a better taxpaying position than did those under the management of operating companies, the records for 1932 being 69 per cent delinquency for the former and 75 per cent for the latter.

Significant among the disclosures of the study was the fact that, though an "average" apartment house without mortgage payments could pay all taxes and still show a profit, deduction of mortgage charges for principal and interest would not provide for operation and taxes—even if the principal payments were eliminated entirely and the interest rate cut in half. Among the legislative measures proposed to remedy this situation was proposed the tax receivership law, similar to statutes operating satisfactorily in Illinois, New Jersey, and Ohio.

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Current Tax Collections Pick Up.—The results of a nation-wide survey of tax collections covering reports from 106 cities throughout the United States, compiled by Mr. Frank H. Morse of Lehman Brothers, New York, show that there has been a definite improvement in tax collections in 1934 over 1933.

Questionnaires were sent to the finance officers of the principal cities in each section of the country, and 106 replies were received. Of the 106 cities which reported, 82, or 77.3 per cent, showed an improvement in 1934 collections over those of 1933, as against 24 cities, or 22.7 per cent which reported a decrease in 1934 collections.

No section of the country failed to show an improvement. The mountain and Pacific coast cities showed the greatest number reporting an improvement—fourteen cities, as against one city which reported a decrease. Of the Middle Atlantic states, New York stood out with twelve municipalities reporting improvement in 1934 and no cities reporting a decrease. New Jersey municipalities also showed a definite reversal in trend over 1933, six cities reporting improved collections in 1934, as against one city reporting no improvement.

Distribution of the cities by sections follows:

	Number Cities Reporting Improvement	Number Cities Reporting No Improvement
New England	9	6
Middle Atlantic	27	3
South Atlantic	9	2
Mountain and Pacific	14	1
East South Central	5	2
West South Central	7	1
East North Central	6	5
West North Central	5	4
Total	82	24
Per cent of total	77.3	22.7

"It is clear that the pick-up in collections has not been confined to any one group of states in any principal section, but, on the other hand, the improvement has been country-wide," writes Mr. Morse in reviewing the survey. "While the spread in percentages is not great, it has been generally upwards. It can be stated that as a result of the survey, the conclusion has been reached that the definitely downward trend in collections which characterized the three previous years has now been reversed."

Sixty-one of the city officials answered a question designed to discover the reasons attributed to the improved collections. Thirty-six attributed the improvement in some degree to the Home Owners Loan Corporation; twenty-three credited the improvement in general business conditions for the increase; a similar number placed importance on strict enforcement of tax collections; five officials thought payment of taxes in installments was a major reason; while reduction of taxes, opening of closed banks, relief disbursements of the Federal government, and improved attitudes on the part of taxpayers were among the "also rans".

Saskatoon Begins Year Tax Campaign.— A unique "Tax Payment Campaign" has been undertaken by the Board of Trade of Saskatoon, Sask., in coöperation with the city administration. Begun during February, the campaign will resume operations in July prior to the due date for current tax collections, and then will wind up with an intensive drive in the closing days of the year. Some sixteen committees have been set up, the majority of them dealing with publicity in one form or another. The response on the part of the public has been immediate and sympathetic.

Mr. B. P. Scull, general secretary of the Board of Trade, advises us that collections on current taxes for the year up to March 11 totaled $291,655, as compared with $129,875 at the same date last year. Some $103,216 in tax arrears have been collected to date this year, as against $51,988 at the same time last year.

In the publicity the savings to the taxpayer by early payment of taxes have been stressed and the services which the citizen receives for his tax dollar have been outlined. In advertisements citizens have been urged to budget for their taxes and to pay any amount they can in monthly or semi-monthly installments. This effort to spread tax payments voluntarily over the entire year seems to be meeting with considerable success, according to the Board of Trade's first report.

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Final Report on Buffalo Tax Drive.— The "Pay Your Back Taxes" campaign conducted by the city of Buffalo in October 1934 liquidated one-half of the city's delinquent taxes due on August 1 of that year and relieved the taxpayers of many tax worries. The campaign plans were drafted by and materialized in the hands of the Taxation Committee of the Buffalo Junior Chamber of Commerce in coöperation with Mayor Zimmermann and City Treasurer Hoban.

The total of back taxes was $6,183,327.03, of which it was estimated that at least $300,000 was uncollectible. During the campaign $1,700,000 in back taxes was paid in cash and $1,200,000 pledged on the installment plan, one item dating back to the year 1855.

Two plans were offered the property owner by the city for the payment of back taxes— the *cash* and the *installment* plan. Briefly the cash plan provided that those whose tax certificates were held by the city could pay the original amount of levy plus 6 per cent interest, if the first half of the current 1934-5 taxes were paid at the same time. The installment plan permitted the payment of back taxes in five equal annual installments. The penalties and interest would be compromised at 50 per cent when final payment was made if all city taxes then due were paid. No foreclosure proceedings for such back taxes would be instituted by the city if installment payments were made on time.

The campaign procedure may be summarized as follows:

1. A survey was made of tax delinquency and methods employed to meet the situation in other cities.

2. Those delinquents owing over $1,000 and those owing less than that amount were classed into two groups.

3. A letter advising of the tax payment plans was sent to all delinquents by the president of the Junior Chamber of Commerce.

4. Those owing over $1,000 were personally interviewed by members of the Junior Chamber of Commerce.

5. The advantages of the cash payment plan to a mortgagee were pointed out to all banks and insurance companies. If the mortgagee would protect a particular investment on foreclosure, by purchase, all penalties and 50 per cent interest could be saved by loaning the mortgagor the cash required for payment of back taxes.

6. The publicity program included radio talks by prominent citizens, frequent press releases, newspaper advertisements and window displays.

The property owners of Buffalo are now tax-minded. The campaign made an attempt to show the taxpayer that it was to his advantage to pay back taxes up and to keep current taxes paid on time. During the first half of the current year current tax collections exceeded the same period for the year prior by $3,000,000.

The campaign was considered a success by the mayor and city officials. City Treasurer Hoban in a statement to the press credited the Junior Chamber of Commerce with "selling" the tax plan to Buffalo and enabling the administration to put it over.

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Buffalo, N. Y.

PROPORTIONAL REPRESENTATION

Edited by George H. Hallett, Jr.

Wheeling to Vote on P. R. This Month.—While students of city government were speculating as to whether New York, Philadelphia, or Pittsburgh would be the first city to follow Toledo in the adoption of proportional representation, the West Virginia legislature quietly passed a bill submitting to the voters of Wheeling on April 18 a new charter including P. R. and the city manager plan.

The proposed charter is patterned largely after the charter of Cincinnati and its P. R. provisions are copied from those of Cincinnati nearly word for word. If the charter is adopted nine councilmen are to be elected together by P. R. from the city at large for terms of four years. The first P. R. election is not to be held, however, until the fourth Thursday in May, 1939. The council then elected is to take office July 1, 1939, and proceed to elect a mayor from its own number as ceremonial head of the city and appoint a city manager for an indefinite term, subject to removal by the council.

A vigorous campaign for adoption is being conducted under the leadership of the Wheeling Association.

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Six Bills in the Pennsylvania Legislature.—To carry out the plans reported in last month's issue to make P. R. and the city manager plan available for Pennsylvania municipalities six bills are now before the Pennsylvania legislature:

Senate No. 476 by Senator George Woodward of Philadelphia, independent Republican, to grant a vote this year on a new P. R. manager charter for Philadelphia

Senate No. 237 by Senator Frank J. Harris of Pittsburgh, independent Republican, to make the manager plan with P. R. optional for Pittsburgh

Assembly No. 1144 by Assemblyman John E. McElroy of McKeesport, Democrat, to make P. R. optional for third-class cities (all cities except Philadelphia, Pittsburgh, and Scranton)

Assembly No. 932 by Assemblyman Hiram G. Andrews of Johnstown, Independent, to make the city manager plan optional for third-class cities

Assembly No. 946 by Assemblyman John L. Powers of Pittsburgh, Democrat, to make P. R. optional for boroughs

Assembly No. 943 by Assemblyman Powers to make the manager plan optional for boroughs by petition and popular vote. It is already optional by ordinance.

All of these bills make the changes provided available by petition and popular vote. In addition the Woodward bill provides for a vote at the coming fall primary or at a special election if one is called earlier for another purpose (a vote on a constitutional convention is being considered for this spring).

To the support of this Philadelphia bill, whose counterparts in the last two legislatures were endorsed by organizations totaling a quarter of a million members, there has recently been added the endorsement of a small but highly respected group of civic leaders, the Philadelphia Committee on Public Affairs, of which former Public Service Commissioner Harold Evans is chairman.

The Pittsburgh *Post-Gazette* recently concluded a straw vote on the Harris bill for Pittsburgh by postcards sent to all sections of the city. The result was 10,564 votes for the bill to 5,982 against it. There was a substantial favorable majority in every part of the city.

As this issue goes to press the legislature is still preoccupied with taxation and relief matters, but there seems every prospect that the P. R.-manager bills will be seriously considered. The Pittsburgh campaign is being conducted by a representative local committee organized by the Civic Club of Allegheny County. The legislative work for all the other bills is being directed by Thomas J. Walker, secretary of the Philadelphia City Charter Committee, the Philadelphia Committee of Seventy, and the Pennsylvania Elections Association.

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Cleveland Charter Amendments.—To carry out his proposal to bring back the manager plan mentioned (with one inaccuracy) in last month's issue, Alexander De Maioribus, president of the Cleveland council, has introduced two alternative charter amendments; Councilman Herman Kohen has introduced a third which most civic leaders regard as superior. These three amendments are described as follows in the March 7 issue of *Greater Cleveland,* organ of the Cleveland Citizens League:

> Three charter amendments are before the city council proposing to substitute for the present seriously defective mayor-council charter, one of the city manager type.
>
> All three of the proposals are practically identical, except in the size and method of electing the members of the council. All three copy the major provisions of the city manager charter of 1921.
>
> Charter amendment No. 1 provides for nomination by petition, and election from each of four districts, into which the city is divided, of seventeen council members (three to five from each district), for four-year terms, by the method of proportional representation. The districts would have the same boundaries as were provided in the 1921 charter, but the number of members proposed is eight less than under the 1921 charter.
>
> Charter amendment No. 2 provides for designation by petition, nomination at a run-off nonpartisan primary of double the number to be elected, and the election of seventeen members for four-year terms from the four districts as outlined in amendment No. 1: three to five members from each district.
>
> Charter amendment No. 3 provides for nomination by petition, and the election-at-large of fifteen councilmen for four-year terms by the proportional representation method. . . .
>
> The first two amendments are sponsored by Councilman DeMaioribus and the third one by Councilman Kohen. . . .
>
> The general opinion is that no one of them will satisfy a majority of the members of the council, and that no amendment is likely to be agreed upon by council members for submission to a vote this year, at least not in time to have council members elected in November.

A hearing on the DeMaioribus bills was held in February. At this hearing the League of Women Voters reaffirmed its conviction "that the interests of the entire city will be best served by a council of nine, elected at large by P. R." Speaking in support of this proposal Mrs. B. F. McQuate said (as reported in *The Voter,* published by the League of Women Voters of Cuyahoga County, March 1935):

> You will perhaps be interested also to hear the results of a questionnaire which the League sent to voting residents of Cleveland last fall, asking their opinions about the size and manner of election of the city council:
>
> 77 per cent of those replying favored a small council, elected at large.
> 23 per cent of those replying opposed a small council.
> 61 per cent of those replying favored P. R.
> 39 per cent of those replying opposed P. R.
>
> It may be significant to you to know that 77 per cent of those replying to the questionnaire expressed themselves as being completely dissatisfied with our present type of city government.
>
> It seems to the League that nervousness about P. R. is, to a large extent, imaginary, fostered purposely by political parties for the most part. As a matter of fact, P. R. is the best system that has yet been devised to give minorities representation and at the same time to give due regard to the strength of the majority.

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Hearing on P. R. for Boston.—On March 5 a hearing was held in the Massachusetts legislature on the bill to carry out a recommendation of last year's Boston charter commission by making P. R. optional for Boston. The hearing was thus described by Forrest P. Hull in the *Boston Evening Transcript* of that day:

> Would the method of proportional representation in elections, as used in the Irish Free State and in several American cities, notably Cincinnati, improve the quality of the Boston city government? Moreover, would the electorate know how to apply it without years of education? Several speakers spoke enthusiastically in the affirmative on this question, and none in the negative, before the legislative committee on cities today. It was the first time that so radical a change in voting had not been opposed in public assembly here.
>
> Proportional representation was recommended in the report of the Boston Charter Commission last year. Today there appeared before the committee one of the foremost advocates of this system in the United States, Walter J. Millard of Cincinnati, O., who told how well the system operates in Cincinnati, with its remarkably low tax rate and a yearly treasury surplus. When he had concluded, a dramatic touch was added by Captain Frank M. Doyle of West Roxbury, who declared that official Boston is a "cesspool"

and that conditions are "beyond description".

Senator Henry Parkman, Jr., and Professor Louis J. Johnson appealed for a trial of the method under the bill prepared last year which provides for a referendum.

Senator Parkman characterized the present system of elections in Boston as "a fraud upon the electorate". The charter of 1909, he said, had not worked out as its proponents expected. It had allowed political manipulators to split up the voters and keep the people from making their actual choices. And the senator said he knew what he was talking about as he had run for mayor himself.

GOVERNMENTAL RESEARCH ASSOCIATION NOTES

Edited by Robert M. Paige

The Ohio Institute.— Outlining measures for the reorganization of county government and coöperation with state and federal authorities in the development of a public works program and for the establishing of a state planning board have been three recent major activities of The Ohio Institute.

The annual report of the Institute, recently published, points out that, after nearly a decade, during which time the Institute has taken a leading part in the movement for reorganization of county government in Ohio, the past year saw tangible results. At the close of 1933, then-Governor George White appointed the Commission on County Government whose function was to formulate plans for carrying into effect the county home rule amendment to the state constitution which was passed in November of that year. With Mr. Charles P. Taft 2nd of Cincinnati as its chairman and Mr. R. C. Atkinson of the Institute as its secretary, the commission made a thorough study of reorganization, issued a comprehensive report, and drafted the recommended legislation. The Institute served as headquarters for the commission and its staff members conducted a considerable part of the research.

In February 1934, at the instance of federal authorities, the governor appointed a state planning board to undertake preliminary studies looking toward the preparation of a state plan of development. A preliminary report containing extensive basic information and maps was submitted to the Governor and to the National Planning Board (now the National Resources Board) in August 1934. Since that time several specific studies have been carried on dealing with the organization of state recreational and conservational activities, the uses of land and water resources, the planning of school buildings, etc. It is expected that the planning board will be made a permanent part of the state government, acting in an advisory capacity to the governor, the general assembly, and local authorities. Two of the Institute's trustees were appointed members of the board, one of them being chairman, and the director, Mr. R. E. Miles, was appointed secretary and associate consultant.

In February of this year Governor Martin L. Davey launched an efficiency survey and "borrowed" Cincinnati's former city manager, Colonel C. O. Sherrill, to direct the activities of a group of specialists, loaned by business and industry in the state, in surveying the operations of the state governmental departments. The survey is studying the functions of the various departments to learn whether they can be carried on more efficiently and at less cost. Mr. Miles is at present general advisor to Colonel Sherrill.

The Institute recently resumed publication of *The Ohio Citizen,* its official bulletin, after a period of suspension. The first issue, dated March 20, gives a condensed summary of state finances for 1934, analyzing for popular reading significant figures in the state's annual financial report.

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Bureau of Municipal Research of the University of Texas.— Two studies of an intensely practical nature have recently been published by the Bureau. One is "A Budget Manual for Texas Cities," the other, "A Manual of Tax Collection Procedure".

The budget manual was prepared by Roscoe C. Martin, associate professor of government and director of the Bureau. A representative sample consisting of 10 per cent of the 580 incorporated towns and cities of the state was selected and budget procedures in each were studied, and on the basis of the facts revealed a detailed statement of recommended procedures, illustrated by numerous exhibits, was drawn up.

The "Texas Uniform Budget Law," applicable to all governmental units of the state, was enacted in 1931. This law required every unit to file their budgets with the state comptroller, but of the 580 cities and villages only 229 have ever observed this legal requirement. In December 1934 only sixty-three cities had placed their 1934-35 budgets on file. Of the fifty-eight cities selected as a sample for intensive study only two had filed their budgets for each of the four years the law has been in effect. The ineffectiveness of the state budget law is due in part to the fact that city officials have had no source to which they might turn for information and aid in working out budget problems. The budget manual is expected to serve, to some extent at least, as such a source of information and assistance.

The "Manual of Tax Collection Procedure" is also designed as a practical guide book for municipal officials. The procedures for collecting current and delinquent taxes are discussed in separate chapters. The chapter on special devices for tax collection discusses the experience of Texas cities with such methods as allowing delinquents to work out their tax bills, publication of names of delinquents, use of cartoons, reports of city services rendered and other publicity, and tax payment campaigns.

The Bureau of Municipal Research was organized by the University at the request of the League of Texas Municipalities, which during the past year moved its headquarters to Austin, the state capital and the seat of the University.

In the preparation of the two manuals the League's secretary, Mr. E. E. McAdams, former city manager of Waco, Texas, and other officers of the League and of the affiliated Finance Officers' Association, coöperated closely with the Bureau's staff. A third municipal study, entitled "A Revenue System for Texas Cities," is now in preparation.

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Cleveland Foundation.—The Foundation published on January 28 a comprehensive report on the debt problem of Cuyahoga County and its political subdivisions. The outstanding funded debt of the governments in this metropolitan area on January 1, 1934, was $276,202,786, exclusive of the special assessment debt which was 80 per cent of this amount. In Cleveland the per capita funded debt amounted to $136. Several of the smaller cities of the county had higher per capita debts, the highest per capita debt, $502, being in Maple Heights. The total funded debt consists of the sum of the debts of the county government, twelve cities, thirty-four villages, three townships, twelve city school districts, nineteen village school districts, three library districts, and the metropolitan park board, a total of 85 jurisdictions. As of January 1, 1934, three townships, eight villages, three village school districts, and four library districts, a total of eighteen, had no outstanding funded debt.

The Foundation's report analyzes the debts of each of the 85 indebted jurisdictions and plots the annual debt requirements of the county, city of Cleveland, Cleveland school district, and Cleveland library district. The statutory debt limits applicable to each of the governments within the county are presented in detail and a tabulation shows the "leeway" or power to incur additional debt within these limits of each jurisdiction.

The study reveals that although the debt now outstanding will not be entirely liquidated for 37 years, more than half (about 55 per cent) matures within the next seven years. Refunding to spread this peak load seems to be both necessary and desirable, and the report discusses the three methods provided by state and federal law for carrying out refunding operations.

The finances of Cuyahoga County and the city of Cleveland have been critical for a number of years but on February 19, 1935, at a special election, voters gave their permission to an additional tax levy of 3.2 mills for county welfare purposes and 4.4 mills for city operations. These two additional levies are for one year only but it is estimated that they will yield $4,840,000 and $4,517,000 respectively, and materially improve the financial conditions of both city and county.

Leyton E. Carter, director of the Foundation, was the author of this study.

*

New Jersey Taxpayers Association.—An analysis of tax rates now in effect in the 564 municipalities of New Jersey has just been completed. This analysis shows, in dollars per hundred dollars of assessed valuation, the average tax rates for all purposes during the years 1926 to 1934, the average rates for all local purposes during this same period, and the 1934 and 1926 rates. In 1926, 90 per cent of the 564 municipalities had rates in excess of $3, and relatively high tax rates have been maintained throughout the past eight years. A bill is now before the New Jersey legislature proposing a maximum tax rate for all purposes other than the state tax levy of $2.50. In 1934, 92.8 per cent of the municipalities of the state had rates in excess of this amount. The adoption of such a limit would therefore necessitate severe retrenchments or sharp increases in assessed valuations.

Another study recently released dealt with the per capita net bonded indebtedness in 1931 of cities over 30,000 in population. This discloses that the average per capita debt for twenty-two cities in New Jersey was greater than in 86 per cent of the 309 cities in the United States over 30,000 in population. Only twenty-four cities had per capita debts in excess of $200, but six of them were New Jersey cities, including Atlantic City with the highest per capita debt in the country.

Two studies have been made to compare tax rates and tax levies in manager cities with those in cities operating under some other form of government. Both tax rates and per capita tax levies seem to be slightly lower in the manager cities.

*

Boston Municipal Research Bureau.—For the third successive year the Bureau has issued an analysis of Boston's finances and financial problems for the current year. The recently published report shows a very slight decrease in the cost of government since 1931, and heavy decreases in current revenues, and assessed values, and sharp increases in funded debt and tax rates. The finances of Boston as of any large city are complicated but the Bureau's report enables the citizen to wade through masses of figures and to grasp their significance.

Boston's expenditures are higher on a per capita basis than those of any other city over 500,000. The reasons for this are not entirely clear but the fact seems to be established beyond dispute. Boston also has the highest adjusted tax rate of any of the thirteen cities in this group.

In discussing school appropriations the Bureau points out that the school board must observe nine separate statutory tax limits when formulating the school budget. Although the mayor can veto this budget he rarely does so and if he did the school board could pass the budget over his veto by a four out of five vote. The relative importance of the school budget is clear from the fact that last year school maintenance appropriations totaled about 15 millions of dollars, whereas maintenance for the city government proper, exclusive of public welfare costs, totaled about 26 millions.

Although the Bureau does not make detailed recommendations for reducing school costs it does point out that the nine separate tax limits should be consolidated into one limit as multiple limits confuse those seeking to understand school finance, some of the limits are over-generous, and the segregation of accounts prevents flexible management of school funds. The decline in total school enrollment, and particularly the steady decline in elementary school enrollment since 1926, would seem to indicate that careful planning for the future is necessary. In this connection the Bureau points out that the school authorities have not yet taken full advantage of the report of the school survey committee presented in 1930 and the survey of administrative methods made by the Finance Commission in 1931.

For the city government proper the Bureau recommends:

1. The adoption of the recommendations of such major surveys as those of the city hospital (made by Finance Commission), of the health department (made by a special mayor's committee), and of the fire department (made by the Bureau).
2. Centralized budgetary control and a budget allotment system to prevent departmental over-spending.
3. Continued emphasis on reducing relief costs, including maximum use of FERA grants.
4. Reorganization and consolidation of departments.
5. Centralized personnel control.
6. Shifting positions to avoid unnecessary appointments as vacancies occur.
7. Elimination of unnecessary employees.
8. Curtailment of least essential services.
9. Full utilization of FERA projects to reduce maintenance costs.

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Kentucky Tax Reduction Association.—One of the laws approved by the Association and passed at the 1934 session of the general assembly was the county audit or inspection law. Under this law for the first time in the history of the state, the income from fees paid to county is being checked by an official agency. Already many inspections have revealed instances of incomes from fees in excess of the $5000 constitutional limit. As a result, substantial sums are being returned to local treasurers.

The present legislative program of the Association prepared for presentation to the general assembly when it convenes January 1, 1936, includes the following planks:

1. Unit plan of tax assessments for city and county whereby one tax assessor shall make all tax assessments within his county;
2. Provision for the assessment of real estate every two years instead of annually as at present;
3. Unit plan of tax collections, payable quarterly, for city, county, and school taxing districts whereby one tax collector in each county makes out one tax bill for each taxpayer, showing tax rate for each governmental unit separately and making the distribution after collection to each of these units;
4. Abolish the salary of county law librarian and provide that the county attorney shall serve ex officio as librarian;
5. Abolish the fee system of paying county officials and provide for their compensation on a salary basis, fixed by the fiscal court in each county within maximum and minimum limits fixed by legislature.

To develop public support for this program the Association has begun the publication of a printed monthly bulletin called *The Kentucky Taxpayer.*

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Wisconsin Taxpayers Alliance.—The semi-monthly bulletin of the Alliance, *The Wisconsin Taxpayer,* is now being published for the third year. During 1933, 1934, and the first three months of 1935, a great deal of valuable statistical data pertaining to state and local government in Wisconsin has been compiled by the Alliance and made available through the pages of this small "newspaper".

A recent issue disclosed the fact that the levy against property taxpayers in Wisconsin was slightly (about 1.6 per cent) higher in 1934 than in 1933, and contained a table showing for 142 cities the assessments, tax levies, and tax rates in 1933 and 1934. In Milwaukee the total 1934 levy was .9 per cent over that of 1933.

Analyzing the state's revenue sources the Alliance finds that the taxes paid by the public utilities of the state on the value of their property have declined from the peak year only 5.6 per cent—less than any other major tax. Personal net income taxes on the other hand have declined about 70 per cent from the peak in 1930, in spite of some increase in rates.

Other interesting and valuable tabulations published in recent issues of the periodical have dealt with unemployment relief expenses in Wisconsin, county expenditures—showing that per capita cost of county government is higher on the average in small counties; county zoning—nine Wisconsin counties have zoning ordinances in effect and twelve others are preparing zoning ordinances.

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Los Angeles County Bureau of Efficiency.—The Bureau has just released its annual report dealing with activities during the twelve months ending July 1, 1934. During this period, 241 reports were prepared as compared to 180 during the previous year. Work with the board of supervisors on the annual budget and the revised salary ordinance took a large portion of the staff's time. The survey of the county surveyor's department (see this section of the January REVIEW); the analysis of the cost of public and private janitorial service; and the actuarial study of the county peace officers' pension fund were three of the major studies of the Bureau. Other projects included a study of the questions involved in the taking over by the county of the maternity service rendered by the city; a study of the cost of county public health service to enable the board of supervisors to adopt an equitable and uniform policy in making contracts with cities of the county; and a study of the cost of providing medical care to indigents.

The report comments upon the successful operation of the first year of the so-called "interneship" plan. This plan, which is being continued during the present year, provides for the selection of four college graduates who have specialized in public administration, one from each of the four large universities, and their appointment to the Bureau's staff for one year as "student investigators". All members of last year's class of "internes" have secured permanent positions outside of the Bureau of Efficiency.

LETTERS TO THE EDITOR

To the Editor of the REVIEW:

Recently I have noticed vigorous attacks on real estate tax limitation laws by various organizations of public officials. Some of these charge that "selfish land speculators" and "big interests" are responsible for these limitation proposals. They also charge that it is a "deliberate attempt to wreck public services".

It seems to me that these brusque attacks over-shoot the mark which a little deliberation might reveal. The facts that these real estate tax limitation proposals, no matter how impractical they may be, have been generally approved by the people when submitted to popular vote, indicates that they embody a certain principle which appeals to the large and small owner of real estate.

Possibly a solution to this problem might be worked out if the various organizations of public officials and others who object to tax limitation proposals, would devise some other plan of putting a check on real estate taxes which would accomplish the same purpose as the usual rigid constitutional tax limitation without imposing its acknowledged shortcomings. Most people will admit that it is not economically sound for real estate taxes to increase faster than the increase in the wealth of the community to a point where there is little or no marketable value in real estate, which is now the case in many communities. Real estate, whether in the form of a vacant lot held for investment purposes or the home of a working man, certainly should not be taxed to a point where it has no market value.

Naturally those who honestly see no necessity for tax limitation of any kind, would not be interested in a compromise proposal.

However, there are many public officials who do realize that there must be a reasonable check placed on real estate taxes. These people might be interested in working out some compromise solution.

Some have suggested that when voters elect public officials, they thereupon give the latter a mandate to impose whatever taxes they wish. There is some logic to this but for the fact that the bewildered voter learns that practically every public official during his election campaign, talks about tax reduction in generalities, but when he encounters the actual problem after election, he either acquiesces in or advocates tax increases apparently without remembering his past promises.

Others claim that real estate taxes can be held down by means of public tax budget hearings at which taxpayers may appear and protest increases. While this method should be a part of the local tax-levying procedure, it should not be relied on entirely as a tax-stabilizing device, in my opinion. Under this procedure, the objecting taxpayer is compelled to appeal to a tribunal which is already prejudiced in favor of its own figures. Another shortcoming to this method is that each of three or four taxing divisions in a city hold separate hearings which requires the interested taxpayer to turn out three or four times to attend the different hearings. Many taxpayers fear to attend such public hearings because it has happened that groups of public officials have combined to actually boycott the business of taxpayers who appear against the budgets.

Summing it up, would it not be possible to devise some general statutory principle applicable in every state which would prevent increases in real estate taxes from year to year faster than the increase in the actual wealth of the community measured by assessed values, private income, and other ascertainable yardsticks of community resources. This, after all, embodies the practice of private business which ordinarily cannot spend additional money except when its wealth and income is on the increase.

Therefore why can we not achieve our universally agreed-to objective of stabilized real estate taxes through concerted and coöperative action between public officials and real estate men, taxpayers leagues, and others in order to establish some workable statute which would prevent uncontrolled and continued mounting of realty taxes which rapidly is paralyzing this country's greatest tangible asset, its real estate and dwellings.

Very truly yours

BUREAU OF MUNICIPAL RESEARCH
By C. A. Crosser, Secretary

Des Moines, March 2, 1935

RECENT BOOKS REVIEWED

EDITED BY EDNA TRULL

Principles of Legislative Organization and Administration. By W. F. Willoughby. Washington, The Brookings Institution, 1935. 657 pp. $5.00.

Dr. Willoughby's latest volume completes a trilogy on problems of administrative organization. The first dealt with the administrative organization of the national government; the second with the judiciary; the present volume with the legislature. In many ways this is perhaps the most useful of the three for it deals with the least explored aspect of our political structure. Altogether there are not half a dozen existing comprehensive studies of the legislative process in this country; this volume fills a place all its own in the literature because it deals with insight and acumen not only with the specific problems of structure and composition, organization and procedure, but with some of the more general problems of the place and function of legislatures in the organism of the state.

The analysis is based upon the same careful and thorough collection of the basic facts and incisive appraisal of these facts which characterize Dr. Willoughby's previous studies. Not only is there a very large amount of data unavailable in so concise a form elsewhere, but his discussion of the problems of legislative practice is highly informative. It is impossible in a brief review more than to note some of his general conclusions; that the single-chamber legislature of a wieldy size is indispensible to an effective legislative process; that restrictions on frequency and duration of sessions militate against efficiency; that committees are now too large and lack coördination with the administrative branch of government; that a system of priority for legislation is essential to effective legislative programs; that the plethora of local and private bills should be eliminated from the legislative program and handled by other agencies; that legislative programs need to be thought out beforehand; and that "the merits attaching to responsible party government are largely lost (through) dominance by party bosses (which) takes the place of intelligent and patriotic leadership."

There is no material dealing with the legislative process in our city governments. Here is a fertile field for further exploration. Despite the almost total absence of printed records of city council proceedings, it would be a study of first rate significance in the conduct of local government if there could be applied to municipal legislatures the same criteria that Dr. Willoughby here has applied to our national and state legislatures.

PHILLIPS BRADLEY

Amherst College

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Model Laws for Planning Cities, Counties, and States. By Edward M. Bassett, Frank B. Williams, Alfred Bettman, and Robert Whitten. Cambridge, Harvard University Press, 1934. 137 pp. $2.50.

This symposium by four authors, well known in the planning field, examines contemporary legislation and philosophies of planning, analyzes their shortcomings and presents new legislative forms to meet advances which have taken place during the past decade.

While these authorities are in agreement as to results to be obtained they differ considerably as to methods to be employed to attain these ends. Messrs. Bassett and Williams recommend the further development of existing laws and defend many present day practices; Mr. Bettman and Mr. Whitten advocate more extensive and versatile uses of existing laws to give greater power to planning commissions and administrative groups.

The Bassett-Williams team, taking existing laws as their model, propose such changes in them as would provide for a distinct differentiation between the master plan and the official map, making the former merely a guide and the latter the control; a more equitable method of treating landowners in protecting mapped streets; a more workable method for the establishment of park areas in new subdivisions. In several other matters these authors adopt a conservative attitude. One is their recognition of the home rule philosophy in county and state planning. Another is their stout defense of the zoning board of appeals and statutory certiorari.

Mr. Bettman and Mr. Whitten, on the other hand, viewing planning and zoning as part of the same procedure, would make one form of legislation apply to both. The many and varied forms which they present contain provisions which put the control of both planning and zoning in the hands of the planning commission, an advisory body. Thus the master plan developed by the planning commission is given a legal status and, with the coöperation of the legislative and administrative body, evolves into the official map.

Also, they take cognizance, in presenting their forms for county and regional planning and zoning, of two important and modern phases. One is the necessity for better coöperation between local and regional units, and the second, the economic importance of land classification and population density in rural zoning. Among other departures are Mr. Bettman's criticism of the vagueness of the "hardship" clause under which the zoning board of appeals functions; his omission of a provision for statutory certiorari; Mr. Whitten's proposals for the extension of control to highways, neighborhood units and the unspoiled countryside.

The book is set up in legible type and with an interesting format. The legislative forms which cover planning and zoning in city, county, region, and state, will be found to be of great utility under many conditions and for various states of mind. The discussions, as has been indicated above, are keenly analytical, stimulating, and constructive.

New York City FRANK T. MARTOCCI

A Guide to Modern Politics. By G. D. H. and Margaret Cole. New York. Alfred A. Knopf, 1934. 454 pp. $3.00.

Once again from the pens of the talented Mr. and Mrs. Cole comes a volume which, though prepared by specialists, is intended for the general reader. Feeling that the field of politics is becoming ever larger and more insistent, that the "positive effects and the positive demands of the political system upon the individual have also enormously increased," that the inadequacy of our political and social institutions is becoming increasingly evident to more and more people, and that "reformation can only be possible or effective if it is based upon an adequate comprehension of the end which has to be aimed at, . . . the forces and traditions from and through which the necessary changes may be produced . . . and the technique of political coöperation," this volume, as its name indicates, is offered as a guide.

Covering ably and lucidly a tremendous field, the work touches upon the foundations of and the cross currents within present day politics, goes on to describe the various contemporary political systems, discusses and compares parliamentary and dictatorial types of organization with due attention to the places of parties, political leaders, and functional groups, defines the state and discusses its internal and external relationships, reviews a few basic political principles, and concludes with a consideration of the future. As the authors suggest, this book is intended to be a realistic study of political dynamics, not a political encyclopedia. Taken as such, it must be conceded to be both successful and fortuitous, and could well be made required reading for every citizen.

While it might be suggested that the section dealing with political principles is subject to certain justifiable criticism in that, for example, order and liberty are treated too much as mutually antagonistic, or that in considering the future too little attempt is made to do more than pose the problem for democracy, the fact remains that the presentation carries a great deal of valuable information, trenchant comment, and provocative suggestion.

That far too little political thinking has been done by the average American citizen is indisputable. And that the "positive effects and the positive demands of the political system upon the individual" not only have enormously increased but will continue to do so is equally clear. Furthermore, with political issues no longer remaining on a superficial level but impinging, at least, upon matters that go deep into human and social relationships, more fundamental problems are being dragged into the political arena. Thus it becomes increasingly imperative that if orderly transitions are to be made, political understanding and intelligence must be cultivated. To aid in this cultivation, "A Guide to Modern Politics" is admirably suited. In other words, the authors have accomplished their purpose.

Fred A. Schuckman

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Report of the Connecticut Temporary Commission to Study the Tax Laws of the State and to Make Recommendations Concerning Their Revision, Fred R. Fairchild, Chairman. Hartford, State of Connecticut, 1934. 642 pp. **Summary** of Report above, 1934, 99 pp. **The System of Taxation in Maine.** By Harley L. Lutz. (Report to Governor Louis J. Brann and the Executive Council by the Recess Commission on Taxation.) Augusta, State of Maine, 1934. 122 pp.

The reports of specially appointed official tax commissions constitute one of our best sources of information concerning existing tax conditions and methods of improving the tax structure of the various states. Two new reports of this type have appeared recently. Dr. Harley L. Lutz of Princeton University has prepared a report on "The System of Taxation in Maine" for the Recess Commission on Taxation. Professor Fred R. Fairchild is chairman of the Connecticut Temporary Commission to Study the Tax Laws of the State and to Make Recommendations Concerning Their Revision, which has also recently submitted its report. There are many points of similarity in the tax structures of the two states and in the official recommendations made for their improvement. The credit standing of each is excellent. Both are conservative New England states clinging tenaciously to a tax structure which is largely outmoded. Maine continues to rely heavily upon the regressive general property tax for state funds. Both still have the regressive poll tax. Assessment is inefficient and inequitable in both states. The collection methods are poor. There is general evasion of the tax on intangible property. Little progress has been made in working out a satisfactory system of state aid. Many incongruities exist in the system of business taxes. Neither state has a personal income tax. In enumerating the defects of the Maine and Connecticut systems, it should be borne in mind, however, that these states are by no means unique in these respects and that similar or harsher things could be said of many other commonwealths.

It is surprising, however, that in view of the badly skewed existing system, the Connecticut commission should recommend the adoption of a 2 per cent sales tax and a flat 5 per cent tax on income from intangibles, with a $2.00 exemption, and should not recommend a graduated personal income tax which would serve to correct somewhat the present regressive system.

Certain other features of the Connecticut report appear also to be somewhat at variance with the views of some other students of taxation. For example, the statement is made that: "Efficient and economical administration of governmental affairs is not to be expected unless there is joined with the authority to determine activities and expenditures the clear responsibility for providing the funds to finance these activities. In governmental no less than in private affairs it is impossible to secure responsibility for efficient administration if one agency is permitted to spend money without having to provide it and another agency is required to provide the money without having the power to determine the amount or its use." An entirely different slant on the subject of state aid is to be found in the recent report of the New York Commission for the Revision of the Tax Laws (1935).

Both reports are particularly valuable for their discussion of the property tax. The Maine report has a helpful chapter on state tax administration and the Connecticut report some very valuable material on the financing of municipalities.

Mabel L. Walker

Tax Policy League

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A Directory of Organizations in the Field of Public Administration. Prepared by the Public Administration Clearing House.

Chicago, Public Administration Service, 1934. 192 pp. $1.00.

Some 1,900 organizations working in the general field of public administration or impinging upon it have been listed in this directory, which supplants the first edition of the same title issued in 1932. The general plan of the first edition is followed. Four categories are used to list the entries as "national organizations," "state organizations," "regional organizations," and "Canadian organizations," and a valuable index of national organizations classified by fields of activity is included. No attempt is made to list local organizations.

Title, address, name of chief executive officer, and data on membership, finances, activities, affiliations, and publications are given for each organization. The directory is an indispensable handbook for those working in the field.

W. S. S.

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Public Finance, Selected Readings. Edited and annotated by Elmer D. Fagan and C. Ward Macy. New York, Longmans, Green and Co., 1934. 954 pp. $4.75.

Professors Fagan and Macy, appreciating that no two individuals can produce a complete book on public finance as "extensive and penetrating" as one which utilizes the writings of many authorities in the field, present their textbook in the form of readings. Subject matter has been carefully selected to emphasize economic principles in their relation to public finance. Material from such sources as T. S. Adams, R. G. Blakey, R. F. Ely, H. M. Groves, J. P. Jensen, S. Leland, H. L. Lutz, E. R. A. Seligman, C. S. Shoup, H. Simpson, P. Studenski, J. Viner, and The National Tax Association is quoted. The authors themselves make some useful contributions in addition to the comment and annotation which provides continuity for the entire book.

The volume is divided into four parts—public expenditures, public revenues, public credit and financial administration. The section on revenues is particularly thorough. All four parts, and the introduction, provide interesting reading on important phases of public finance.

*

The Problem of Noise. By F. C. Bartlett. Cambridge, The University Press and New York, The Macmillan Company, 1934. 87 pp. $1.25.

This little volume presents—in unusually attractive format—two lectures delivered before the National Institute of Industrial Psychology at London by Professor Bartlett of the Cambridge Experimental Psychology faculty. Defining noise as any sound which becomes a nuisance, the author describes the recent experiments seeking to ascertain the effects of noise. He cannot, from his dispassionate, scientific point of view, acknowledge noise to be as serious a menace as many laymen have come to consider it, since most normal people adapt themselves fairly readily to a general background of sound. He agrees that noise should be eliminated as far as possible, and holds to the opinion that public regulation will be less effective than continued education among those who are responsible for the noise.

*

Space Requirements for the Children's Playground. By George D. Butler. New York City, National Recreation Association, 1934. 24 pp. Forty cents.

This is a practical discussion of the actual space standards for various types of children's playgrounds, with a consideration of the special facilities usually utilized. The bulletin goes far in answering the demands of city and regional planners, health authorities, educators and welfare workers "for dependable information on the amount, location, and character of the space that should be dedicated to recreation" for children.

*

Use of Private Cars by City Employees on City Business: Rates Paid. Chicago, American Municipal Association, 1934. 3 pp. mimeo. Twenty-five cents.

In answer to the question implied by the title, thirty-five cities reported no compensation for city employees using their own cars in city business, most of them reporting the use of city-owned vehicles only. Fifty reported such compensation—at $5 to $90 per month, 3 to 8 cents a mile, or merely a gas and oil allowance. Some cities have special and more complicated provisions for paying for the use of their employees' private automobiles.

NATIONAL MUNICIPAL REVIEW

MAY · 1935

Solving Local Tax Problems

GOVERNOR HAROLD G. HOFFMAN
of New Jersey

Social Insurance

GOVERNOR PHILIP F. LAFOLLETTE
of Wisconsin

The Sales Tax on Trial

MABEL L. WALKER

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THE LEAGUE'S BUSINESS

A Radio Award.— It is a traditional editorial privilege "to point with pride," and we have a very good excuse for it this month. Our YOU AND YOUR GOVERNMENT radio program, which the League has been sponsoring for nearly two years, received the award of the Women's National Radio Committee as the best non-commercial and non-musical program on the air. This is no mere snap judgment of an irresponsible group. The National Women's Radio Committee is made up of official representatives of most of the national women's organizations —aggregating a membership of over ten million. We affirm with confidence that ten million women can't be wrong! The actual decision was made by a jury of nationally known women and their reason for preferring the YOU AND YOUR GOVERNMENT program was based on grounds of irrefutable logic. The award was announced by Chairman Anning S. Prall of the Federal Communications Commission on the basis of "the timeliness of the subjects, the wide range covered, and the impartial manner of presentation." The League coöperates in putting on this series with the Committee on Civic Education by Radio—a joint creation of the National Advisory Council on Radio in Education and the American Political Science Association. The Committee consists of Charles A. Beard, George S. Counts, Norman H. Davis, William Hard, John A. Lapp, Katharine Ludington, Joseph D. McGoldrick, Albert B. Meredith, Charles E. Merriam, Harold G. Moulton, Frederic A. Ogg, Bessie L. Pierce, Chester H. Rowell, Murray Seasongood, and Thomas H. Reed, Chairman. Miss Doris Darmstadter is the efficient secretary of the Committee.

Speakers and topics for coming broadcasts are as follows:

May 14— "Better Tax Collections," Arnold Frye, Attorney, Hawkins, Delafield and Longfellow. Philip H. Cornick, Staff Member, Institute of Public Administration.

May 21— "Safety Regulations." John E. Long, President, National Safety Council.

May 28— "State Councils." Governor H. Styles Bridges, New Hampshire. Stephen B. Story, Fiscal Agent, State of New Hampshire.

June 4— "State Control of Municipal Finance." L. P. Mansfield, Supervisor, Bond Dept., Prudential Insurance Company of America.

June 11— "The State Legislative Product of 1935." Henry W. Toll, Director; Hubert R. Gallagher, Research Consultant, American Legislators' Association.

* * *

The Providence Convention.— Immediately following the announcement that the National Municipal League would hold its next annual meeting at Providence, the Providence *Bulletin* carried an interesting editorial on the subject under the heading, "Welcome Decision." We quote the editorial below:

> Decision of the National Municipal League, the leading organization in its field in the United States, to hold its 41st annual convention in Providence next fall is a welcome one.
>
> Concerned solely with problems of state and local government, the League has a nation-wide membership, including most of the recognized authorities on the subject in this country. It has inspired many and important contributions to the cause of better government in the last four decades.
>
> Never before, probably, have states and local communities been confronted by more numerous or more serious problems than they are today. The problems are not alone financial. They involve issues that go to the very fundamentals of self-government. They are problems that must be tackled and solved if the functioning of government is not to come perilously near breaking down under the strains to which it is subjected.
>
> No organization is better equipped to consider those problems and to reach intelligent, disinterested conclusions regarding them, than the National Municipal League.

Howard P. Jones, *Secretary*

Editorial
Comment
✣
May

NATIONAL
MUNICIPAL REVIEW

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Wanted: Municipal Relief Projects

In the expenditure of four billion eight hundred odd million dollars for work relief, no little ingenuity is required to develop sufficient work projects of a constructive nature to justify the expenditure. The recent criticism of the New York City work relief set-up, and the amused consternation of press and public over the money that was being spent for "boondoggling", called nation-wide attention to this phase of the relief problem. While much of the criticism was ill-founded, particularly that dealing with recreation projects which a harassed investigating committee found it difficult to understand, the importance of creating useful work projects cannot be overestimated.

From the standpoint of those interested in the improvement of local government, here lies a splendid opportunity: the chance to add to our fund of information and improve administrative procedures. The difficulty of developing projects which are definitely out of the realm of politics, however, can be appreciated. Lent D. Upson discovered one the other day—the improvement of the assessment of real estate. Here is an ideal white collar project. All over the United States, tax maps and land value maps are needed. Data on sales, leases, rentals, appraisals, etc., need to be collected, tabulated, and analyzed. There is ample opportunity in such work for both office and field activity, supplying employment to do a much needed task to clerks, stenographers, draftsmen, statisticians, surveyors, executives, and interviewers. In addition, there is a much needed separate appraisal of buildings which in turn would require a field inventory, the development of files and indices, a cost classification and depreciation schedule, a great deal of clerical and statistical work in computing building values, etc. The number of man-hours in this single project would be tremendous. And it has the advantage of being much needed, as well as of being definitely on the administrative side of government where politics should not enter.

One of the services of local government that has suffered most from the depression has been the country's public libraries. Here lies an opportunity on the cultural rather than the physical side—and Heaven knows, it is much easier to emphasize the latter in an expenditure program: yet it is one that would not only take care of many socially-minded people now unemployed but would definitely stimulate employment in the book industries and in other industries which furnish supplies or equipment to libraries, as well as making a permanent contribution to the nation's cultural resources.

The National Municipal Review has repeatedly called attention to the dangerous curtailment of library income that has taken place during the depression. When the public library of the city of Chicago was unable to buy a single new book for two years in a period when new thinking was going on in almost every field, it was time something was done! Throughout the country, libraries have been unable to buy new books, replace old ones, increase service to meet a tremendously increased demand. It has been estimated that the sum of $60,000,000 spent over the period of one year, would give employment to 50,000 persons, in addition to making a great contribution toward the rehabilitation of our library facilities. If there is one institution in America worth fighting for, it is the public library! Here is an ideal work project on which the government could well invest a large sum of money.

There are others, many others, that might be mentioned. The point is: here is an opportunity through which our governmental services may be improved without adding to local costs. Among the specifications in each case, of course, must be: (1) a needed project capable of being carried out in all sections of the country, (2) a project without political implications, (3) one which is capable of providing a large number of jobs relative to the total investment. Readers of the National Municipal Review are urged to send in suggestions.

Facts and Philosophy

A casual remark dropped the other day by one of the leaders in the governmental research movement, to the effect that every researcher ought to be a specialist on some phase of public administration, recalled the observation made some twenty years ago by a white-haired college professor of the old school, talking about life with a capital "L".

"To be a real success," he said, "by which I mean to make some definite contribution to the forward march of civilization, it is necessary to know something about everything and everything about something."

With every one seeking to become a specialist in some particular pattern of affairs, it is difficult not to pause occasionally and wonder whether there exists no need for seeing the design as a whole. The whimsical definition of the expert as one who knows "more and more about less and less" contains more than a germ of truth. Thinking today, reflecting the scientific method, focusses on cases. Unless there be definite effort to draw principles for future guidance from the accumulation of case experience, to what purpose the examination of the individual case?

Fortunately, the field of municipal government and public administration is heeding the essential combination of facts and philosophy required to develop a sound body of principles and practice.

Solving Local Tax Problems

Division of the tax burden and constructive economy advocated as the way out of the financial dilemma of local governments

HAROLD G. HOFFMAN *Governor of New Jersey*

THERE is no easy solution of our local tax problems in New Jersey, nor in any other state. There is no way by which we can obtain revenues to carry on government except through direct or indirect taxation. There are no painless taxes. There are no taxes that citizens are eager to pay.

In New Jersey, as elsewhere, we have followed the course of expediency and not the course of public interest in dealing with our revenue problems. We have refused to face the plain and threatening facts. We have continued to "pluck the goose where we could get the most feathers with the least squawking" until that long-suffering bird is in a state of collapse. We have punished the frugal worker, the farmer, and the little business man who saved a part of his earnings and bought a home for his family. We have assessed his property at full value and taxed it at a high rate because it could be seen and appraised. We have made almost no effort to tax the great proportion of the wealth of our citizens represented in personal property, in income and other intangibles. We have not taxed in proportion to the benefits received nor the ability of our citizens to pay.

In the midst of this period of economic uncertainty, our lopsided, inadequate revenue system has broken down, and when we need all of our courage and energy as individuals, as communities, and as a state to meet our day-to-day problems of relief and recovery, we are forced to a general reconstruction of the financial and revenue systems of our local governments.

An analysis of our local government problems will show:

First, that the operating costs of local governments have progressively increased year after year. While some of these costs may be laid to unwise expenditure and poor management, high municipal expenditure results chiefly from the demand of the people for service. The depression has added a new burden, and the limited taxpaying group can no longer carry both the old and the new tax load.

Second, in pursuing the principle of expediency, we have developed the "pay-as-you-ride", installment-buying policy beyond all reasonable and prudent limits. We have borrowed for improvements of all kinds against the credit of future generations without even making a down payment. We have ignored and evaded our debt limits until today New Jersey municipalities are loaded with a billion dollars of debt which costs forty-five cents out of every tax dollar to carry. This condition is comparable to that in other states.

Third, we have refused to recognize the fact that the horse-and-buggy days exist only in the museum of petrified memories, yet we continue to keep all of our little structures of government in towns, in villages and boroughs, which neither need separate governments nor are able to pay for its maintenance. We have one hundred and seventy-six thousand local governments in the United States, each with its administrative machinery, its power to levy taxes and borrow money. In New Jersey we have nearly fourteen hundred local governments; New York State has more than eleven thousand. There is need of consolidation but differences in standards of municipal housekeeping, unequal tax rates, varying debt burdens and the reluctance of smaller communities to merge their identity into larger ones complicate the problem. The McCarter Commission studying this problem in New Jersey recently reported great need but little sentiment for consolidation. I do not favor forced consolidation but I am satisfied that we can accomplish a great deal by a sensible reallocation, coördination and consolidation of functions. We should make it possible for local governments to combine their purchasing, engineering, highway, police, and other activities that can be best handled in this way.

Fourth, in New Jersey to an unusual degree, and in most of the states to a greater degree than is justified, we have continued to depend upon the general property tax as the principal source of revenue for local governments. In New Jersey it is estimated that 25 per cent of the people who should pay taxes own real estate. This class of property represents perhaps one-third of our total wealth that is properly taxable. Yet we place 80 per cent of the tax burden on real property and 20 per cent on personal and intangibles having twice the value. We continue to punish the home owner, the farmer, and the citizen who has put his savings in real estate to the improvement of his community by compelling him to pay a tax eight times as heavy as his neighbor who owns a different kind of property.

Real estate is *not* carrying the load. It can't. We are slow to accept the absolute fact that property which does not earn its tax cannot continue to pay it. We seem to forget that capital levies must fail. Yet our delinquent tax rolls ought to convince us. Our high debt service, our budgeting procedure, and local government costs all furnish compelling testimony that tax changes must come.

CONSTRUCTIVE PROPOSALS

In my inaugural message I proposed that we, in New Jersey, should abandon the weak device of expediency and face our problems with a determination to find for them the right solutions. I laid down a program for reduced spending in local government: limitation and control of budgets and borrowings, economies in operation, adoption of a sales and income tax to raise substitute revenues for those that had failed, and a pay-as-you-go policy in meeting our current needs. I proposed that we improve our assessment and collection procedure, balance our budgets, and abandon the foolish fiction of counting frozen revenues and uncollectible taxes as cash. I asked for a one-third reduction of the real estate tax. I urged new taxes for the specific purpose of providing funds for unemployment relief, a surer foundation support for our schools, and the continuance of essential services of government. Opposition was prompt to show itself both to reduced spending, closer regulation and curtailed services, as well as new taxes.

We are quick to insist on our right to a voice in public affairs, but we lose some of our enthusiasm when it is proposed to add us to the numbers of sustaining members of the community.

I can sympathize with much of the opposition, but I know that representative government cannot be perpetuated if we continue to require a small class of our citizens or a minor part of our wealth to pay the cost of government. That is not American doctrine.

Business says it is unable to pay more taxes because of idle factories and reduced earnings. Those who have incomes point out that those incomes have been greatly reduced and that they are already paying heavy federal taxes. The workers, the retailers and those whose earnings are small insist that they cannot pay additional taxes because of reduced wages and work. Taxpayers' associations, business organizations, and many civic groups are inclined to unite against tax changes which will extend to their members the privilege and the responsibility of a financial part in their government.

I am told of the impending flight of capital, industry, investment, and population, of the hardships of an income tax and of the regressive features of a sales tax. Yet, thirty states have adopted an income tax; twenty-five have some form of sales tax, and the legislatures of a dozen other states are now considering these taxes.

The fact of the matter is that our illogical tax systems, local, state, and national, no longer serve our needs. In our feverish search for new revenues, and because we lack the courage to face the compelling facts, legislative mills are grinding out fifteen hundred tax laws this year, patching up old systems, but rarely going to the root of the trouble.

We have a reasonable understanding of sound tax principles. We know what taxes are equitable. We know the logic of a single coördinated system of taxation in which the taxing field would be fairly divided between the federal, the state, and local governments. We know what agency is best equipped to collect the several taxes, and we can work out a proper distribution of revenues among the several governments. Yet we refuse to attack this vital question in earnest and we muddle along toward the day of reckoning. Until we brush aside our prejudices and develop a comprehensive and integrated taxing system, each state must meet as best it can its own particular problems.

BURDEN SHOULD BE DISTRIBUTED

In New Jersey I am proposing that we increase the number of supporting members of government by the adoption of a sales and income tax. The funds to be derived from these taxes are not for additional spending but as substitute revenue for the property tax that has failed.

There is more to this question of sound local government finance than merely a change in the tax laws. If local government is to survive as an important part of our political system, then we must not only develop, in New Jersey, an adequate system of revenue for local government, but throughout the nation. Failure to do this will lead inevitably to state centralization and the decadence of community government. The same logic applies to state governments. The states must provide a system of revenues for themselves and their local governments or they may expect to lose their independence and importance as a governing agency to the federal government.

The fight that I am making looks toward the maintenance of a local government self-sufficient in purely local matters within a state which relies upon itself to administer for its people their normal governmental needs.

Our local tax problems can be solved in New Jersey and in all of the states. It is important that we have economy, but it is also important that we take the steps that are clearly required to maintain the essential services of local government and that the citizens of each community shall pay for the com-

(Continued on Page 266)

Social Insurance

Unemployment reserves, old-age pensions, and other forms of social insurance strongly entrenched in Wisconsin

PHILIP F. LAFOLLETTE

Governor of Wisconsin

For forty years Wisconsin has been a leader in improving American economic and social conditions. We have been attacked and ridiculed, but the fact remains that our proposals have stood the test of time. Not a single important measure advocated by this state has had to be junked. We have moved slowly until we knew we were right. Then we have gone full speed ahead.

Wisconsin is still forging ahead. This state was the first in the Union to adopt an unemployment insurance law. This law was adopted in 1931 after many years of careful study. Our law has an essential difference from the unemployment provision made in the pending federal social security program.

The Wisconsin law requires the employer to set aside a certain per cent of his payroll as a fund for workers who are laid off through no fault of their own. Out of this fund are paid unemployment benefits to workers in proportion to their wages and length of service. Responsible companies set up reserve funds for their stockholders and bondholders. Our law is based on the principle that industry has the same duty to its employees. During the present depression thousands of firms have been paying regular dividends to stockholders. Many companies have been able to increase dividends. This was possible because in prosperous times they built up reserves to meet future obligations of interest and dividends. Funds for unemployment, however, have not been set aside by business and industry.

The most obvious objective of unemployment insurance is to provide those who are thrown out of work with some income to tide them over until they can find other jobs. Up to now the crushing weight of unemployment has fallen upon the wage earners and the taxpayers. Unemployment insurance shifts at least a part of this cost to industry and business.

What some people fail to realize is the benefit of unemployment insurance to business and industry itself. When production and consumption get out of joint, workers lose their jobs. The immediate blow falls on the worker but it has important repercussions that are felt far down the line. The worker cannot pay his rent or interest, is unable to buy clothes or food, and fails to meet the payments on his debts. The effects of unemployment thus quickly spread to merchants, wholesalers and thence back to the manufacturers themselves. By furnishing men and women money to help support themselves until they find work again, unemployment compensation provides at least a certain amount of purchasing power among the jobless.

A particular object of the Wisconsin

law is to reduce unemployment. As our workmen's compensation law is designed to reduce conditions causing loss of life or limb, our unemployment law is designed to reduce conditions causing the loss of jobs. Workmen's compensation has succeeded, not only because it paid money to the injured worker but because it has stimulated industry to do away with unsafe machines and conditions of work.

But now I come to the point where the Wisconsin unemployment reserves law is unique. We set up separate accounts for each employer. This spurs each employer to provide steady employment. The more of his employees out of work, the heavier drain on his reserve fund. If, however, he manages his business so his unemployment is little or none, the payment out of his fund will be less in proportion.

One of the greatest tragedies of the depression is that we have been so overwhelmed with providing for the actually destitute that we have lost sight of the people who have managed by terrific struggles to keep independent of public relief. No recognition has been given and no life line has been thrown to these courageous people. In fact, in many instances they have been penalized for their independence by not being permitted to work on various public works projects. Industrial workers, white collar workers, millions of fine citizens have managed, through determination and sacrifice, to maintain themselves. America will make a grave mistake if our plans for social insurance do not recognize and encourage the spirit of self-reliance.

We Progressives of Wisconsin believe, as we have believed for forty years, in creative initiative and that it should have its reward. That is why we hold that the Wisconsin unemployment reserves act is superior to the one now being considered by Congress. Instead of dumping all the money into one pot to be doled out share and share alike regardless of the individual employer's deserts, we believe that the employer who stabilizes his employment should have the benefit of his good management. The Wisconsin law is based on the sound American principle of recognition of initiative. It rewards good management and penalizes bad management.

We in Wisconsin do not want initiative undermined. We want it encouraged. But we do insist that America's abundant energy and initiative shall be channeled for the common good.

Unemployment reserves, old age pensions, and other forms of social insurance are no cure-alls for the depression. If wisely designed they can be made important steps in the right direction. But social insurance is ultimately dependent upon the real prosperity of the whole country. And there is no short cut to wealth and prosperity. If we are to have wealth, we must create it. And the only way to create it is through work. Unemployment—unemployment of men, of factories, of machines, of land, of money—has drastically reduced our total income. We have produced less and we have less to go around. We cannot support a sound system of social insurance unless the American people are at productive work.

The greatest asset of any nation is the character and vitality of its people. Those priceless qualities are undermined by idleness and doles, however disguised.

Let America provide as generously as it can for the old, the sick, and the young. But for all the rest of us we must have a real chance to earn our own living from useful work. With our human and material resources in productive use, America can provide us a high standard of living, can make provision for our youth, our old, and for

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The Constitutional Initiative Starts a New Advance

New York takes the first step to join the ranks of states granting citizens the right to amend their constitutions by petition and popular vote

GEORGE H. HALLETT, JR. *Secretary, Citizens Union of the City of New York*

The last important action taken this year by the New York Assembly, just before adjourning on the afternoon of April 17 after an all-night session, was to vote approval of a constitutional amendment to allow the state constitution to be amended by a large petition and popular vote.[1] It was one of Governor Lehman's program measures and every Democrat was held in line but there were no votes to spare. The vote was 76 to 51, 76 being the constitutional majority. Previously the bill had passed the Senate by 26 votes to 18, 26 being the constitutional majority. Senator Thomas C. Desmond of Newburgh, independent Republican, returned from a long illness just in time to cast the deciding vote in its favor when two Democrats deserted. The amendment now goes to the legislature of 1937 for reconsideration and if passed again will be on the ballot at the succeeding fall election.

In both houses the bill was vigorously attacked by the Republicans as a dangerous extension of popular power at a time when demagogues are abroad in the land. The specter of the Townsend plan with Senator Long's share-the-wealth plan galloping close behind struck fear into the breasts of conservatives and even some liberals.

Actually the bill had been carefully safeguarded against ill-considered action. The requirement of a 10 per cent petition based on the last vote for governor would make necessary the presentation of over 400,000 signatures and not more than half of these could be counted from any one city or more than one-third from any one county. A delay of at least eight months between filing of a petition and submission of the question at a general election is required. Amendments "restricting the power of taxation of the state or of its political subdivisions" would still have to take the ordinary route through two legislatures with an election of senators intervening. And the bill contains a provision that "the legislature shall by general law provide proper safeguards and limitations upon the procedure established by the two preceding sections but not inconsistent therewith". Under this grant of power it is thought that the legislature could set up machinery for carefully checking petitions, require that the wording of amendments be submitted to the state bill-drafting commission for advice before being circulated, and even provide that a session of the legislature should intervene between the filing of part of the signatures and the filing of a final number definitely requiring submission so that the legislators could satisfy the demand behind the petition in a more constructive way if they found themselves able to do so.

---

[1] Senate Bill No. 1674, Introductory No. 17, by Senator Byrne.

EVIDENCE FROM OTHER STATES

There are twelve other states, including four of the larger states with conditions most nearly comparable to those of New York, which already permit their constitutions to be amended by petition and popular vote. They are Arizona, Arkansas, California, Colorado, Michigan, Missouri, Nebraska, Nevada, North Dakota, Oklahoma, Ohio, and Oregon. In addition Massachusetts has a provision under which constitutional amendments can be initiated by petition if supported by a quarter of the members of two successive legislatures.

The percentage of petition signers required in these states is nowhere greater than the 10 per cent of the gubernatorial vote proposed in this year's bill for New York except in Arizona and Oklahoma, where the 15 per cent required would be much easier to get than 10 per cent in New York. Five of the states require 10 per cent, four only 8. Two require a definite number of signers, very small in comparison to the number under the New York proposal.

Arkansas, Missouri, Nebraska, and Ohio require the signatures to be scattered over a considerable number of counties, but all the others, including Michigan and California, have no such restriction.

After the New York bill was introduced this year letters were sent by the Citizens Union, which strongly favored the amendment and had a hand in its drafting, to about fifty recognized authorities on governmental matters in the thirteen states referred to, asking for the results of their experience with constitutional amendments initiated by petition and for criticisms of the New York proposal. Thirty-four sent prompt replies containing a mass of information and covering all the thirteen states except Nevada and Oklahoma. This information was used by the Governor and the sponsors of the bill, Senator William T. Byrne of Albany and Assemblyman S. E. McDermott of Cohoes, and circulated among legislators of both parties.

The replies—most of them from persons whose attitude was not known in advance—display a surprising measure of agreement. Only one (one of the two from the state of Arkansas) disapproves the principle of allowing constitutional amendments to be initiated by petition and 25 are very definitely in favor of it. The other eight give facts without expressing a definite opinion on the general principle. Several say that the principle has strong popular backing in their states.

INITIATIVE AMENDMENTS SATISFACTORY

Most of the persons answering regard this year's New York bill as very satisfactory in its main provisions. Several suggest amendments in detail which could be provided for by legislation under the amended form of the bill.

The replies show nearly unanimous agreement on the following conclusions from the states which have experience with constitutional amendments by petition and popular vote.

1. The draftsmanship of amendments adopted by this method does not suffer by comparison with amendments initiated by the legislature. Emmett L. Bennett, director of the Cincinnati Municipal Reference Bureau, an expert in matters of draftsmanship who has examined all the recent amendments in Ohio with this aspect particularly in view, gives the reason as follows: "People who set out to get a petition have to get so many names and have so much work before them, and are so well aware that any drafting defects will be held up against them by their opponents, that they are much more likely to take the time to consider than is the general assembly."

2. Proposals for the special benefit of particular interests are sometimes proposed but seldom adopted. A high degree of discrimination on the part of the voters in regard to constitutional amendments is testified to by nearly all who mention the matter. It is agreed also that the voters have usually been conservative in their decisions. Professor A. W. Bromage of the University of Michigan writes: "The significant thing is that no 'special interest' amendment has been adopted by Michigan under the constitutional initiative." Michigan has had the plan in operation since 1914.

3. Though very useful in certain instances the initiative has not been used extensively for constitutional amendments in most of the states which have it. Still less has it resulted in cluttering the constitution with a large number of amendments actually adopted. From 1913 to date Ohio has voted on twenty-four amendments submitted by petition and adopted only six. Since 1914 Michigan has voted on twenty-three and adopted three. Since 1910 Missouri has voted on twenty or twenty-six (the two tables received differ on this point) and adopted six. Since 1912 Colorado has voted on thirty-two and adopted eight. Since 1915 Arizona has voted on fifteen and adopted eight. In twenty years Nebraska has voted on only five and adopted two.

The right has been used most extensively in Oregon and California, but even there the use of the constitutional initiative has been less than is commonly supposed. Oregon has had the plan since 1904. In thirty-one years it has voted on fifty-six amendments submitted by petition and has adopted twenty-two. California has had the plan since 1912. In twenty-three years it has voted on forty-one amendments submitted by petition and adopted ten.

The percentage of amendments adopted when submitted by petition does not differ greatly from the percentage when submitted by the legislature. In California it is lower, in Missouri higher, in Ohio almost the same.

4. The petition method has made it possible to bring before the people important changes for which there was a strong demand but which the legislature found it politically embarrassing to approve or sometimes even to consider. A typical case is described by Mayo Fesler, director of the Citizens League of Cleveland. He says:

"The people of the state are thoroughly well satisfied with that plan of submitting amendments. A number of amendments have been submitted in that way.

"A typical case was our county home rule amendment permitting counties of the state to improve or reform their government and to get away from the awkward uniform requirement in the constitution. Proposed amendments had been submitted to the general assembly for eight successive biennial sessions of the general assembly. The rural members always voted down the proposal to submit it to the people.

"Two years ago we organized a county home rule association covering the state; initiated the amendment by securing 250,000 signatures; and at the 1933 general election, the people adopted the amendment by 105,000 majority. If we had not had the right of initiative, we probably would have gone on until doomsday, seeking a desirable change of that kind.

"An illustration of the other type of amendment which the people just as readily defeated was shown in the two amendments submitted last fall by the road-building and gasoline interests in which they have tried to fix it in the constitution that gasoline tax money could not be diverted to welfare or other purposes, even in an emergency. They put up an expensive campaign but both amendments were defeated.

"Our experience in Ohio proves that the initiative is an entirely safe instrument of government for constitutional amendments; that on the whole it has become a conservative instrument; and that the people, in an enlightened state, can be depended upon to vote intelligently and with discrimination on these major policies.

"Members of the legislature should welcome this means of placing before the people a change in the fundamental law because it relieves the legislature, at times, of extremely vexing questions which it is extremely difficult to determine except by the petition of the people."

Referring to the same experience Charles P. Taft, of Cincinnati, former prosecutor of Hamilton County, Ohio, and son of the late president and chief justice, writes:

"I am very strongly in favor of the initiative submission of amendments to the state constitution. In our experience in Ohio, the people have been very discriminating in their votes on these amendments. Of course I have not lived in Ohio for more than thirteen years out of the twenty-two that our provision has been in effect. During that period, however, I do not know of any constitutional amendment which has passed that has been badly drawn. There have been some submitted which might well be criticized, but these were defeated.

"On the other hand we have certainly gotten through some amendments which are highly desirable, and which were proven by many years' effort to receive no attention whatever from the state legislature.

"Among the ones which have been passed are a classification amendment getting away from the uniform rule [in taxation], and our own county home rule amendment adopted in 1933. There are some which have been adopted, such as the ten-mill limitation upon the tax levy for real estate, on which the people decided in a way contrary to my own opinion; nevertheless, the amendment was well drawn, and if you believe in popular government, I do not see that its passage is any reflection upon the initiative procedure. Certainly the matter was considered and discussed at some length." This particular type of amendment has been ruled out in the latest form of the New York bill.

Two of the letters from California stress the adoption at the last election of a new method of electing judges in that state. William H. Nanry, director of the San Francisco Bureau of Governmental Research, writes: "This has been hailed as one of the most advanced steps in American state legislation dealing with the judiciary. Efforts have been made by disinterested, nonpartisan groups to bring about such a reform for over ten years, but the legislature could not be induced to submit the amendments to the people. In this case state-wide organizations such as the Commonwealth Club, California State Chamber of Commerce, Bar Association, American Legion, National League of Women Voters and others joined in the preparation of the amendments and the securing of the necessary number of signatures."

Another Californian, Congressman Clarence F. Lea of Santa Rosa, who has won the nominations of both major parties in the last eight elections and who has recently served as chairman of the Democratic caucus in the national House of Representatives, writes:

"I believe that on the whole it is very desirable to give the people a right to amend their constitution by initiative methods."

The Sales Tax on Trial

Although undoubtedly productive in yield, the sales tax possesses other attributes that make it undesirable as an income measure

MABEL L. WALKER

Executive Secretary, Tax Policy League

THE Pennsylvania Chamber of Commerce has recently issued a pamphlet entitled "Satisfactory Results With the Sales Tax in Sixteen States." This publication consists entirely of the replies to six questions which were addressed to the governors of sales tax states. California is not included.

Determining the satisfactoriness of the sales tax wholly on the basis of opinions furnished by the officials who promoted the tax and within, in some cases, a few months of its adoption, is a good bit similar to accepting the verdict of a man who has been his own judge and jury with respect to an act he has just committed.

The replies to three of the queries, however, are not open to question. Opponents as well as advocates of the tax have consistently admitted that the tax would be satisfactory as a revenue producer, and in consequence, would be effective in relieving the financial necessities of the states and in strengthening their ability to relieve unemployment distress.

Revenue yields in some instances have been conspicuously above estimates, as in Mississippi where collections ran 16 per cent above estimates in the first year and have increased each year thereafter.

The other three questions which were propounded to the governors are less objective in their nature and cannot be disposed of so readily. The questions are as follows:

(1) Have you experienced any serious difficulties in its administration?

(2) Do you feel that there has been any serious evasion?

(3) Has it been your experience that opposition to the tax soon disappears after it is put into effect and the people accustomed to it?

DIFFICULTIES IN ADMINISTRATION

Eleven of the sixteen governors state that no serious difficulties have been experienced in administration. The Governor of Mississippi declares that, "It must be conceded that sales tax has been administered successfully in Mississippi."

The Governor of Kentucky declares that, "The administration has been very satisfactory, the only difficulty being that some merchants are accused of failure to report the full amount collected. This can be avoided by the provisions penalizing those who seek to profiteer."

The Governor of Missouri states that the "main difficulty has been lack of field men due to small appropriations for 1934."

This question is not answered by the Governor of South Dakota.

Governor Martin of Washington says: "Outside of the constitutionality of the act, our most serious problem has been that of classifying taxpayers as to business activities. The question of the state's right to tax telegraph and railroads is still to be determined by our Supreme Court."

Had Pennsylvania and New York been included in this survey a different type of reply could have been expected. Both of these states found the sales tax unsatisfactory and dropped it after a brief period of experimentation. The Pennsylvania law was allowed to expire after a six months' trial. The New York law lapsed at the end of fourteen months. Both Governor Pinchot and Governor Lehman opposed any extension of the sales tax measures.

Mark Graves, president of the New York State Tax Commission and one of the most outstanding tax administrators in the country, declared after several months' experience with the sales tax: "Although our Commission has had a rather wide experience in administering a variety of tax laws, we have found our retail sales tax the most difficult and perplexing statute which we have ever tried to administer."

Mr. Graves found three outstanding difficulties which were peculiar to the sales tax: (1) The problem of identifying a retail sale. "In very many cases it is exceedingly difficult, if not impossible, for the seller to ascertain when he makes a sale, whether or not he is selling to a final buyer or ultimate consumer." (2) The problem of determining receipts from sales, inasmuch as in many transactions a substantial part of the receipts represent labor costs or sales of services which are not taxable. (3) Perhaps the most difficult problem hinges around interstate commerce and export and import trade. Serious and perplexing problems arise in this connection.

Somewhat paradoxically, the cost of collecting the tax is likely to be high in proportion to the efficiency and zeal with which the tax officials attempt to make a thorough job of collecting. For the expense and difficulty of collecting from the numerous fly-by-night, hot-dog stand types of enterprises which keep no records is much greater and the revenue collected much less than in connection with the larger enterprises.

The most authoritative study which has so far appeared on the sales tax in this country is "The Sales Tax in the American States" by Professors Robert Murray Haig and Carl Shoup and other economists of Columbia University. The conclusion reached in this study is as follows:

"The sales tax cannot be equitably administered without a considerable field force and able legal counsel. Under retail rates of 1 per cent or more, evasion will be widespread unless the books or records of taxpayers are inspected, and a considerable body of litigation will develop if enforcement is vigorously prosecuted. . . . In certain circles, however, the sales tax seems to have gained a wholly unwarranted reputation for simplicity and ease of administration. The reasons for believing such a reputation is unwarranted are indicated in the sections of this volume which detail the measures deemed necessary by the state administrators to assure a fairly thorough enforcement of the tax, and in Part Four below, which reveals some of the legal points that will probably soon be before the courts. It is not easy to compare the administrative difficulties of the sales tax with those of other taxes; the difficulties of the sales tax are for the most part unique, not hitherto encountered in taxation in the United States."

EVASION

Ten of the sixteen governors reported that there had been no serious evasion of the tax. Governor Laffoon of Kentucky replied: "The percentage of merchants who have tried to avoid the tax is negligible. You understand that our tax is collected from the buyer by the merchant. The only trouble has been that it is supposed some merchants have not made a full report."

Governor Fitzgerald of Michigan declared: "No serious evasion of the tax has been proven, but persistent rumor indicates many minor evasions."

The reply from Missouri was: "While there have been evasions, we do not consider the per cent any greater than in any other form of taxation."

North Carolina: "There have been some evasions under the exemption provisions and the usual percentage of administrative difficulties attendant upon any tax collection."

No replies to this question were received from Mississippi and South Dakota.

Accurate statistics concerning evasion are in the nature of things difficult to obtain. Evasion is a secret process and when it can be proved it can in most instances be corrected.

The present New York sales tax is supposed to be paid by the consumer. Very determined attempts are being made by the city administration to see that the tax is paid in full. Most of the grocery stores have tin boxes for the deposit of pennies collected on articles other than food. Yet almost any one who is questioned can cite instances of purchases for which they were not taxed.

It seems, moreover, relatively easy for the cash register type of establishment to evade the tax to some extent. Particularly in the case of the bracket tax are difficulties of collection apparent in this connection. For example, under the New York law a tax of one cent is levied on sales amounting to from 13 to 62 cents. A one cent tax on a 13 cent package of cigarettes, however, is not a 2 per cent tax but almost an 8 per cent tax. A large proportion of the sales made in the small establishments therefore are being taxed at several times the 2 per cent rate. If, however, sales slips are not kept and checked, the vendor can return to the state 2 per cent of his total sales whereas the consumers have actually paid in considerably more than that amount as taxes.

Under such a system the vendor is encouraged to dishonesty and indeed it is difficult to see how he could be strictly honest in the matter unless he went to the trouble and expense of installing a much more elaborate system of accounts than his business needs justified.

TAX AVOIDANCE

If it is impossible to obtain accurate data on tax evasion, how can there be any reliable check upon tax avoidance. Avoidance of the sales tax can be practised in three ways.

1. The consumer is irritated and refuses to make the purchase.

2. Many consumers find it possible to have their goods delivered outside of the state and escape the tax.

3. As a result of the tax many consumers buy outside of the state either by personal shopping in another state where that can be done conveniently or by buying through mail order houses.

The following quotation is from an editorial appearing in *The Bulletin* of the National Retail Dry Goods Association for January, 1935:

"Not only has the New York City sales tax had a retarding effect on sales, but it has presented other problems to the retailers of this municipality.

"The regulations now provide that purchases made by residents of other states, as well as by residents of New York State, to be delivered outside the city limits shall be tax-exempt. This ruling has resulted in a marked increase in the number of 'sent' transactions. Customers living outside the city area, who would ordinarily take small packages with them, are now demanding that they be delivered in order to avoid payment of the tax. It is evident that this change in customer habits will materially increase the delivery costs to New York retailers."

Out-of-town deliveries subject the merchants to added annoyance and expense, but the first and third devices deprive them of business and affect the general prosperity of the community.

At the recent meeting in Washington of the Interstate Assembly, conducted by the American Legislators' Association and the Council of State Governments, speaker after speaker from the sales tax states arose to complain that the tax was driving business out of their states.

"We are too close to the mail order houses of Chicago," declared a speaker from Michigan, where a 3 per cent sales tax is in effect. "Many of our people are buying from them in preference to paying the sales tax."

Similar complaints were voiced by a number of representatives from other states. These speakers were seeking a way of meeting this difficulty and the most likely solution that could be suggested by anyone at the conference was that the interstate commerce clause be amended so that the sales tax states could tax interstate sales. In other words, each state would be permitted to set up its own little tariff wall against every other state. Such tariffs would, of course, be meaningless unless each state provided a sufficient army of inspectors and police to prevent smuggling across state lines. It doesn't present a very pretty picture. Yet until such tariff walls are erected and such armies of border police are installed, the legislatures of sales tax states will continue to knife the business and industry of their respective states.

It has been estimated by business men that the recently enacted New York City sales tax of 2 per cent cost the merchants of the city at least a 6 per cent increase in their business during the Christmas season. Until December 10, when the tax went into effect, buying had been tremendous and Saturday, December 8, was the biggest in years. The increase in business was so reduced during the two weeks preceding Christmas that it can only be accounted for by the tax. Meanwhile, the percentage of increase in other nearby cities was on the average double that of New York City.

According to the comprehensive study of the existing state sales taxes recently made by Columbia University economists and financed by the Rockefeller Foundation, there were a number of instances of loss of trade due to the tax.

Illinois wholesalers and manufacturers who are subject to the tax on sales to final users and consumers have complained that "through the operation of the interstate commerce exemption Illinois cannot meet the competition of out-of-state companies, the result being a loss of business and unemployment." Many of the border towns of New York State reported loss of business when the 1 per cent state levy was in effect.

The state of Washington has recently levied what is practically a duty on goods brought into the state. It is known as a compensating tax and amounts to 2 per cent of the purchase price of goods bought elsewhere and brought into the state, although it does not apply to goods shipped into the state.

The plan is arousing vigorous protest. Proposals for a referendum on the law are being considered by Washington citizens. Oregon merchants are preparing to bring legal action against the act as unconstitutional.

OPPOSITION TO THE SALES TAX

Eleven of the sixteen governors claim that opposition to the tax has decreased and in some cases almost completely disappeared. Indiana claims that the principal opposition is from organized retail merchants who want a consumer's sales tax instead of the present gross income tax. Kentucky reports that "the sales tax has grown exceedingly popular with the public."

Missouri declares: "We feel chief objection is from merchants who have been absorbing the tax; but with a passed-on feature would be very acceptable."

Ohio: "We have had no material opposition to the tax but under the system under which we are operating, it continually directs the attention of the taxpayer to the fact that he is paying the tax."

It seems plausible that opposition to the sales tax will be most pronounced at its inception. The loud and angry protests on the part of the consumers due to the sudden shock of being confronted with the tax are likely to give way to sullen resentment as the tax becomes a familiar day-by-day phenomenon. But that does not furnish conclusive proof, in this writer's opinion, that the opposition is disappearing or that the tax is proving a popular one.

Public sentiment on most questions is far from homogeneous. Opinion concerning the popularity of the sales tax is likely to be based largely upon the views of those with whom one comes in contact.

EVALUATING THE SALES TAX

This article has dealt almost entirely with certain technical aspects of the sales tax. A proper evaluation of a tax as a satisfactory measure must rest also upon social and economic considerations. It is not sufficient merely to achieve a status of plucking considerable feathers and keeping the resulting squawk below the ear-splitting stage. If the goose is injured in the process or if thereby standards for the whole flock of geese are lowered, the result is not satisfactory.

It may be expedient to add the facetiously designated fifth canon of taxation (plucking the most feathers with the minimum squawk) to the other four but that does not mean that the other characteristics of ability, certainty, convenience and economy should be ignored entirely.

The claim that the sales tax is a painless one is, moreover, seriously open to question. The sales tax in New York City is like a sore thumb. It is continually forcing itself on one's attention. A penny tax on a package of cigarettes, a penny on an ice cream soda, a nickel or so on the household supplies (food is exempt but other supplies are not) a penny on a box of aspirin and two cents on the cod liver oil, two or three cents on a pair of stockings, several nickels and dimes for wearing apparel of a more substantial nature, two or three cents if the restaurant bill amounts to a dollar or more. So it goes all day and every day and at the end of the month the utilities collect a few more nickels and dimes along with the monthly electricity and phone bills. Considerable irritation concerning the tax is developing on the part of many citizens who would be quite willing to bear their share of the tax burden in direct and equitable fashion.

Measuring Efficiency in Highway Administration

Summary of study for the New York State Commission for the Revision of the Tax Laws, making recommendations for more economical and efficient administration of highways

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THE lack of an accredited basis on which to compare highway administration and to consider the economics of highway improvement has long been a bugaboo to the engineer engaged in municipal work. The inability to defend a decision as to whether or not a street should be paved, and if so, what type of surface should be chosen, has frequently forced the technician to lay aside his better judgment in such matters and submit to the clamor of the crowd. There are many instances of paved roads, with a handful of cars a day. Such conditions have resulted in an insufficiency of funds for improvements where they are truly needed.

Recent activities on the part of numerous car-owner groups, attempting to impress upon governmental authorities the need for better roads, make the demand for an accurate method of analysis more imperative than ever.

The belief that the complexity of the highway problem makes detailed consideration impossible has been too generally accepted in the past. True, the amount of research done in this particular field is small when compared with scientific activity in other lines, but the information which has been developed is sufficient to indicate the possibilities of economic comparison, and its application to the problems of highway administration would be highly advantageous.

A recent highway study for the New York State Commission for the Revision of the Tax Laws has attempted to do this. The value of the report is felt to lie particularly in the fact that it establishes clearly the efficiency of the larger units and presents a method by which the economics of comparative highway problems can be weighed. The only data used in the study which is not generally kept by highway departments is traffic, and the advantages to be gained financially by a sound paving policy far exceed the cost of maintaining this information.

The survey considers the problem in two parts: First, the question of the relative efficiency of existing units; and second, the matter of paving policy.

In order to do this it was necessary to determine the relationship between traffic and maintenance costs. This was accomplished by comparing the traffic and the cost of maintenance per mile one foot wide, for the paved and unpaved roads of about three hundred different governmental subdivisions of the state. It was found that the variation was approximately expressed by the following equations:

$$\left.\begin{array}{l}\text{Average maintenance}\\ \text{cost of unpaved road}\\ \text{per mile } 1' \text{ wide}\end{array}\right\} = 21.7 + .0005 \text{ (traffic in tons per annum)}$$

$$\left.\begin{array}{l}\text{Average maintenance}\\ \text{cost of paved road}\\ \text{per mile } 1' \text{ wide}\end{array}\right\} = 17.16 + .00015 \text{ (traffic in tons per annum)}$$

With these formulas as a basis, the size of the maintenance problem in dollars for each unit was determined.

A curve plotted between size and actual cost of maintenance per mile for units in which the remaining variables were approximately the same showed clearly that the small highway departments were less efficient than the large and that the rate of increase in costs as the mileage fell below about one hundred miles was quite rapid.

The general conclusions were, of course, subject to some variation, but it is significant that in the twenty-four counties whose town, county and state units were visited and examined, the departments of the state and county gave better service for considerably less money than their small associates—the towns, in all but five instances—and that in these five instances the townships gave an inferior grade of maintenance at a cost which was practically the same as that for the larger units.

The same equations, when coupled with construction cost data, made it possible to examine paving policies. In order to do this it was necessary to compare the total annual cost for paved and unpaved roads. This is a summation of the following factors:

(1) Annual cost of maintenance;

(2) Interest on the total cost of the improvement;

(3) The annual amount of amortization over the economic life of the road;

(4) The savings to motor vehicle operators.

The first of these was obtained from the cost records and, under normal conditions in an efficiently run unit, is practically the same as that obtained by substitution in the previously mentioned equations.

The second is merely the total cost incurred in making the improvement multiplied by the interest rate at which the governmental unit can borrow money.

Item number three was taken as the amount which must be set aside annually for the life of the improvement, in order to accumulate a sum equal to the cost of improvement less salvage value.

The last mentioned element of cost is the difference in automotive operating expense on the two types being considered. This has been measured by the Iowa State Engineering Experimental Station and found to be about 2¢ more per vehicle a mile on gravel than on concrete, and 1¢ more on gravel than on bituminous macadam.

From the standpoint of the governmental official there is another factor of major importance. This is the matter of the source of money. In the United States highway funds come in general from two sources, the real estate owner and the motor vehicle owner. Money from these two sources is combined in varying degrees to make up the total road budgets of the numerous political subdivisions.

In New York, state highways are supported solely by the motor vehicle and gasoline tax returns. The villages, on the other hand, pay for their entire road programs by assessing real estate. The townships present an intermediate situation in which real estate meets about half the annual burden and the gas and motor vehicle tax in the form of state aid furnishes the remainder.

Under these conditions it was assumed that from the viewpoint of the authorities considering village streets, the savings to motorists could not be included in making an economic comparison thereof.

By the same line of reasoning, when examining state roads, all four of the items listed above were included, while in the towns items one, two, three, and half of four entered into the consideration.

(Continued on Page 284)

Virginia's Experience With New Forms of County Government

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Only a brief statement is needed to remind readers of the National Municipal Review that Virginia's optional county government law (1932) allows counties to choose either the county executive or the county manager form of government. Under both plans the people elect the board of supervisors, the commonwealth's attorney, the sheriff, and the clerk. Both plans provide for a departmentalization of the county's activities. The principal difference between the two forms of government is that the board of supervisors upon the recommendation of the county executive appoints administrative officers and employees; while the manager, directly responsible to the board for administration, appoints administrative officers.

One year ago Albemarle adopted the county executive and Henrico the county manager form of government. In the recent budget statements of County Executive Haden and County Manager Day the friends of good government who hoped earnestly for the successful outcome of these experiments in local government were not disappointed. Measured by the slogan "efficiency and economy" which has been taken as the standard of success in recent reorganization movements, the new forms have succeeded.

First, in regard to economy, Henrico reduced her general county tax levy by 26 per cent for the fiscal year 1934-35. County Executive Haden of Albemarle is recommending for the fiscal year 1935-36 a reduction of 16 2/3 per cent in the levy for general governmental purposes. Henrico has had to increase several special levies in order to provide a sinking fund to retire some bonds issued in 1927. The Albemarle executive reports a saving of $6,000 in salaries in the department of finance due largely to the merging of the county treasurer's and the commissioner of revenue's offices, and a saving of $3,600 in the department of records due to placing the county clerk on a straight salary basis instead of salary plus fees. Both counties report better tax collections than in previous years. This is in part due to the change from hiring tax collectors to a system of tax collection letters. Henrico has adopted a "tax budget" plan whereby taxes for the year 1935 can be paid in ten installments.

Both efficiency and economy score in the centralized purchasing system whereby substantial discounts are saved in buying supplies for the departments and the school system. Henrico boasts of a nine-months school term (1934-35) in contrast to the eight-months term of the old administration. The manager, however, does not say that federal money might account for the longer term.

Efficiency scores again in Henrico's departments of public works and law enforcement. The county unit system of road construction, the construction and maintenance crews, and one equipment depot has resulted in a more efficient operation of road equipment, a reduction in the number of road superintendents by one, and a more coördinated road program.[1] The law enforcement service has been reorganized under the sheriff's control. Plans have been made to coöperate with the city of Richmond in providing a police training school. A training school including first aid courses for firemen has been completed.

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[1] Henrico, a semi-urban county, voted to stay out of the state road system.

Previous to Henrico's managerial system the administration of health was carried on by the state, the county making appropriations to the state health department. Under the new arrangement health administration has become a unit of county government and the state health department now makes allotments to the county. This is more ammunition for the reformers and the devotees of local self-government because it has been stated often that the way to stop centralization is for the local governments to do their work well.

While editors and other articulate organizations are applauding and writing about what other counties have missed by not reorganizing, the officers defeated by the adoption of the new forms of government are not pleased. The leaders of the old administration, who in several cases had to be ousted to make way for the new, are critical of the accomplishments. They criticize the tax increase in Tuckahoe sanitary district. They oppose elections at large because a supervisor was elected from the county at large while losing his own district. "That is not representative government," they say. But the most serious indictment of the old line leaders is that the present system is not "Democratic" because three Republicans, they claim, are now holding minor offices in the courthouse. They don't like this "fostering of republicanism".

The leaders of the old organization are eyeing hopefully the August primaries. On the other hand the members of the Henrico Citizens League, who met April 5 to lay plans of action for the coming political test, will oppose all efforts "to emasculate the county manager government for political or selfish ends". As they warn the voters: "Don't let the old administration fool you into thinking that they want the county manager government. The county manager form is predicated on a principle of government which is diametrically opposite from the kind of government they propose. County manager government is run on the principles of sound business. It does not tolerate a government based on the spoils system where party leaders appoint men to office merely because of their loyalty to the party and irrespective of their qualifications for the office."

SOCIAL INSURANCE

(Continued from Page 253)

those less fortunate. Thus and thus alone we build strong bodies and sturdy characters—and so provide for the American people the only real security there is—the definite assurance that able-bodied men and women shall have a real chance to support themselves.

EDITOR'S NOTE: Radio address delivered April 23, 1935, in the YOU AND YOUR GOVERNMENT series over a nation-wide network of the National Broadcasting Company, under the auspices of the Committee on Civic Education by Radio of the National Advisory Council on Radio in Education and the American Political Science Association, in coöperation with the National Municipal League.

SOLVING LOCAL TAX PROBLEMS

(Continued from Page 251)

mon services which they require for themselves. Citizen responsibility, home rule, and American principles of government lie only in this way.

EDITOR'S NOTE. Radio address delivered April 9, 1935, *Ibid.*

NEWS OF THE MONTH

NOTES AND EVENTS

Edited by H. M. Olmsted

Chicago City Manager Committee.—Formal organization of a City Manager Committee comprising a group of civic and business leaders whose objective centers around the securing of city manager government for Chicago, was perfected at a meeting held April 16 at the Union League Club. Steps will be taken immediately to incorporate the committee under the laws of Illinois, and to develop a definite program to effect the purposes of the group.

Frederick A. Virkus, vice president of the Chicago Legion of Non-Partisan Voters, chairman of the sub-committee on improvement of local governmental structure of the Union League Club, and member of the Illinois state committee for constitutional revision, was elected president of the committee.

Activities of the committee are sponsored by an advisory board, which, in addition to the newly-elected officers, consists of thirty-five well known civic and business leaders.

The first of a series of regular meetings of the committee will be held within the next few weeks, and committees to handle the various phases of the program of development will be announced. The committee has issued a call to all interested citizens to join in the movement inaugurated by the group.

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City Manager News.—On April 18 Wheeling, West Va. (61,659), adopted a new charter providing the city manager plan of government and proportional representation for the election of the council. For further information see p. 276.

Syracuse, New York (209,326), will vote on May 27 on the adoption of "Plan C"—the optional form of city manager government provided by state law. The movement is sponsored by the Citizens League.

Trenton, N. J. (123,356), which adopted the city manager plan on March 19, elected its first city council under the new charter on April 16. The Good Government League, which sponsored the plan, elected six of the nine members of the council. The newly elected body will take office on May 14.

In Toledo, Ohio (290,718), where a new charter providing for the manager plan with proportional representation for the election of the council was adopted last November, a petition has been filed calling for an election to do away with the new government. The election has been set for May 27. Since the manager charter does not go into effect until January 1, 1936—the election of the council by proportional representation being set for next November—Toledo has not yet had opportunity to try its new form of government before it must once again register its vote on the matter.

Kenosha, Wisconsin (50,262), on April 1 voted for the sixth time on a proposal to abandon its manager government. As in all previous elections the voters registered their approval of the city's manager charter—this time by a majority of 2,109.

Troy, Vermont (1,898), at its annual meeting on March 5, adopted the manager plan under the state's enabling act.

The Kansas legislature has recently passed an act permitting mayor-council cities of the second and third classes to provide, by ordinance, after referendum, for the appointment of a city manager.

*

Summer Course in Modern Housing.—New York University has organized two courses in modern housing, under the School of Architecture and Allied Arts, to be given from June 24 to August 6 under the direction of Dr. Carol Aronovici. They are for persons interested in housing from the technical, social or business points of view. One course consists of lectures by an imposing list of housing experts, with classroom discussion; the other is in planning and design.

*

Citizens' Council Active in Saratoga Springs.—The Citizens' Council at Saratoga Springs, New York, is studying the advisability of changing the city charter to obtain concentration of authority in a central body and fix responsibility on the chief executive officer. At the April meeting of the council, the chairman of its charter committee presented seven alternative plans for city government and outlined the preliminary steps necessary for changing the charter if it were desired. The council delegates were instructed to present the plans to their respective organizations for discussion and bring back to the council reports of their reaction to charter change. The council voted to send a delegation to ascertain the reaction of the city council on a referendum vote to change the city charter.

A plan of the Women's Civic League, one of the organizations represented on the council, to start a public library with self-perpetuating board was endorsed by the council. The council's library committee will be enlarged to work on this project.

The council authorized an invitation to be sent to the commissioner of public safety inviting him to speak at its next meeting on matters of his office and particularly on improvements in the city charter. The council expressed its appreciation to the city council for the appointment of a city forester, feeling this an important step in the preservation of the community's trees.

First Birthday of the Belmont Citizens' Council.—The Citizens' Association for Good Government of Belmont, California, a residential suburb of San Francisco, recently concluded its first year of activity, in which time it has become a forceful influence in the community.

A committee on lighting conducted a field survey of the lighting district and submitted a plan providing for the elimination of unnecessary and excessive illumination and the establishment of new lights where most needed. This resulted in an estimated saving of 20 per cent of the town's lighting cost.

The council's roads and highway committee influenced the state senator and assemblymen from the district to shorten the time for widening the main highway through Belmont by about six months.

In the fall of 1933 a bond issue had been voted by the citizens to provide funds for reconstructing an antiquated water distributing system. Last fall, a year later, the bonds had not yet been sold, the water board asserting that there was no market for them. The citizens' council urged action and offered its coöperation. The water bonds were sold and the proceeds, along with a federal grant, enabled work to be begun at once.

The council is making a study of taxation and also is studying the auditing of city expenditures.

Forty Civic Groups In East Cleveland Council.—Forty organizations are now represented in the new citizens' council in East Cleveland, Ohio. Each has two delegates on the council and in addition there are members at large selected by the group, not to exceed 25 per cent of the membership from organizations.

The Community Council has announced its purpose as follows: "To provide ways and means for the coöperation of the various groups in matters of civic enterprise; to coördinate the programs of various activities so as to remove overlapping services as much as possible; to stimulate interest in matters otherwise neglected or overlooked; to make possible for our citizens a more thorough understanding of the conditions and needs of the city; to promote plans for welfare which properly fall within our scope; to develop a spirit among the citizens that will make possible improvements in the general conditions in living in East Cleveland."

News of Other Councils.—The Citizens' League of Oklahoma City is preparing an intensive educational campaign over local radio stations and before civic groups.

A citizens' council has been formed in Salinas, California.

Troy, New York, is completing the organization of a citizens' council. The Chamber of Commerce in this city took the initiative in interesting the other civic groups in the council.

G. B. Seybold

Public Service Training and Governmental Planning in Kentucky.—The University of Kentucky, beginning with the school year 1934-35, has established a public service curriculum looking toward the training of students for the public service. The regular college curriculum provides training in the following fields: consular and diplomatic service, financial administration, public management, public recording, public welfare administration, public works administration and public safety administration. The courses lead to the degree of bachelor of arts with a major in public service.

During the freshman and sophomore years the student must meet his lower division requirements for graduation and then spend his last two years specializing in the field he selects.

In addition to the regular college curriculum in public service the university is attempting to hold short courses or institutes for various groups of public officials and employees in the state and the plan provides for a short course lasting some three days to a week or more during which time various groups of officials or employees come to the university and study their particular problems. During the summer of 1934 an institute was held for social workers representing both public and private agencies, at which time approximately ninety workers studied at the university for one week. This institute was held with the coöperation of the American Red Cross. Recently a three-day school was conducted for city firemen at the university at which time almost two hundred were in attendance. This training school was held with the coöperation of the Kentucky Firemen's Association, the Kentucky Municipal League, and the University of Kentucky.

The institute plan has been attempted as a training for public employees and the university expects to offer this type of service to various groups of officials from time to time. Dr. J. W. Manning is the chairman of the university's committee on public service courses.

The Bureau of Government Research at the University of Kentucky has undertaken a study of governmental units for the state planning board of Kentucky. This survey will include all agencies of the state and the local units and is expected to continue for some seven or eight months. It will be under the supervision of Dr. Manning, who is the director of the bureau.

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Michigan Legislative Council Reports.—With its fate in the balance, faced with forthright gubernatorial opposition and with the threat of legal abolition, the Michigan Legislative Council presented its first report early in January. Within the few pages of this document are compressed the evidences of endeavor on the part of a body from which much was expected when first created.

Throughout its tenure of office, the 1933-34 legislative council proceeded first to decide what were the most urgent and immediate problems confronting the Michigan government; then to parcel out those problems for study by the appropriate sub-committee; and finally to amalgamate and condense the findings of such sub-committees into recommendations of proposed solutions.

The legislative council was able to prepare programs for two extraordinary sessions of the legislature. Thus the emergency aspects of the milieu of Michigan politics deeply influenced the work of the council. Under such circumstances, the full council sat for thirty-two days, and the nine sub-committees for periods varying from thirty to eighty-five days. Sub-committees were appointed on the following matters: highway finances, small loans, schools, general taxation, liquor control, banking, elections, old-age pensions, and the administration of justice.

For the special session of November 1933, the council prepared, drafted, and secured the enactment of six measures covering legislation made necessary as the result of the banking collapse earlier in the year. The state liquor control act, signalizing the inception of repeal, was likewise the work of the legislative council, as was also legislation providing revenues to tide the schools of the state over a threatened closing.

The extra session of the winter of 1934 again witnessed the presentation and acceptance of much of the work of the legislative council. Apparently the council was preparing and projecting a program of action for the regular 1935 session, for early in December 1934 a re-organization occurred, stripping the council of lame-duck members. Four subcommittees were constituted to deal with the problems of liquor control, education, banking, and taxation. However, on December 10, Governor Comstock called a special session, the third for this 1933-34 legislature, and as the original act creating the council provides that it shall function only in the interval between sessions, the council took the position that it could no longer function as a program-preparing agency.

Unless the council be made a permanently functioning body with adequate staff, the judgment of Governor Fitzgerald, pronounced in his inaugural message to the legislature of 1935, applies: "The legislative council, while possibly correct in theory, has failed to fulfil its purpose, and should therefore be abolished."

Charles W. Shull

Wayne University

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Asbury Park Council Recalled.—The stormy recent history of Asbury Park, New Jersey, which, despite over a year of council-manager government, is under control of the state municipal finance commission, has been further complicated by the recall of the council. The latter had recently removed the then manager from office, on charges of inefficiency, countered by assertions that the dismissal of certain police officials was the actual cause of the ouster. While the vote removing the manager was only three to two, the two favoring him, as well as two of those opposed, were recalled at a special election on April 9, when four new council members were chosen, including former Mayor Hetrick who had held office from 1915 to 1933. The new administration proceeded to drop sixty city employees as a drastic economy move.

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California Legislature Approves Charter Amendments.—The legislature of the state of California has approved almost all of the amendments to home rule charters of cities and counties, hitherto adopted by the respective local units. These included the following:

The Pasadena amendments, adopted November 6, 1934, reorganize the police and fire departments under the city manager and rewrite the city's retirement provisions setting up a retirement board to succeed the fire and police pension board. Alameda charter amendments set a maximum salary for the city manager of $5,000 and provide for his removal by a majority vote of the council. New articles create a board of police and fire commissioners and a department of public utilities. The San Diego amendment, adopted in December 1933, provides that the election of a city manager requires the affirmative vote of five of the seven members of the city council and the same number for removal. The San Diego county charter amendments, adopted in 1933, provide in detail for a civil service. The approved new section to the Los Angeles county charter empowers the county to discharge any municipal functions of cities and towns in the county when authorized by general law or their charters. The Redondo city charter, adopted in September 1934, provides for a mayor and a council of five elected by wards.

Victoria Schuck

Stanford University

COUNTY AND TOWNSHIP GOVERNMENT

Edited by Paul W. Wager

North Carolina—Legislation Passed and Proposed.—The North Carolina General Assembly, still in session, has enacted to date very little legislation in the interest of improved county government. In fact, about the only constructive act in this field enacted so far is a law allowing cities and counties (that is, about half of them) to contract with hospitals for hospitalization of indigent sick, the amount to be paid by one unit not to exceed $10,000 per year. It has voted down, at least for the time being, bills which would have reduced the number of justices of the peace, would have allowed county commissioners to abolish or consolidate county offices and to appoint tax collectors, and would have fixed minimum salaries for sheriffs, judges of recorders' courts, and assistant clerks of the superior court. It has not yet made up its collective mind in respect to bills: (1) authorizing the counties to purchase equipment for use in soil erosion work; (2) requiring the state to furnish financial aid to cities for street maintenance and to counties to pay road bonds; (3) exempting from the gasoline tax gasoline purchased by counties, cities, and towns; (4) allowing counties, cities, and towns to compromise unpaid taxes for 1932 and prior years; and (5) establishing a civil service system for teachers. All efforts to abolish or modify the absentee ballot law have failed and all interest in county consolidation subsided before any bills were drawn.

Certain laws of state-wide significance enacted to date are those substituting lethal gas for electrocution for those convicted of capital crimes, increasing the state highway patrol and inaugurating a police radio system, adopting a driver's license, and reducing the cost of automobile tags.

Paul W. Wager
University of North Carolina

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Optional County Manager Bill Passes New York Legislature.—In the closing hours of the 1935 session of the New York legislature there slipped through both houses with little notice and with no votes in opposition a bill which may prove of great importance to the counties of the state outside New York City. In optional form it supplies the long-felt need of a county executive. It makes available either a county president elected for a four-year term by the voters of the county or a county manager appointed for a four-year term by the county board of supervisors.

Either of the two plans can be put on the ballot by resolution of the board of supervisors or by a 10 per cent petition. With either plan go numerous specific improvements in budget procedure, county organization, and a very limited control over towns and other local units except cities and villages.

The bill is so drafted that it is applicable whether the county home rule amendment carries this fall or not. It was prepared with the help of the National Municipal League by the State Commission on the Revision of the Tax Laws of which former Senator Seabury C. Mastick is chairman and was presented with the other bills of the commission by Senator Buckley and Assemblyman Falk, the chairmen of the two committees on taxation. At this writing it is still before the governor awaiting his action.

A less comprehensive bill introduced by Assemblyman Corbett of Rochester, allowing an elective or appointive county executive to be set up by the county board of supervisors with or without an advisory referendum on the question, is also before the governor.

A more comprehensive bill by Senator Desmond of Orange County, which could have been much more useful than the similar Buckley bill because it permitted changes in the obsolete method of selecting county supervisors, passed the Senate with opposition and was held in rules committee in the Assembly. This bill, which will probably be presented next year as an amendment to the Buckley bill if the latter is signed, is described on page 278.

George H. Hallett, Jr.
Citizens Union of the City of New York

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Colorado—Committee on County Government.— An interim committee on county government in Colorado has recommended four things to the legislature: (1) A constitutional amendment to provide for consolidation of counties and providing for optional forms of county government and zoning; (2) A law providing for receivership for insolvent counties; (3) Transfer of all county welfare work to a central state department to be financed from sources other than property taxes; (4) Transfer of maintenance and building of all county roads to the state highway department and prohibiting counties from raising funds for road purposes from the property tax.

Action of the legislature was as follows:

A simple amendment to the constitution "to provide for counties and county officers," was defeated in the house of representatives.

Twenty-six bills on county consolidation were introduced. These bills precipitated a hot fight on the floor of the house but failed to pass.

Bills to transfer the functions of public welfare and highways to the state failed to get out of committees. There was little opposition to the transfer of welfare work to the state but a tremendous roar went up when it was suggested that county roads be transferred to the state highway department.

A sales tax calling for a 2 per cent levy on retail stores for relief purposes was passed. A later measure set aside $240,000 a year from the sales tax for mothers' compensation and $1,200,000 annually for old-age pensions. This represents a transfer of two former county functions to the state to be financed out of state collected and administered taxes.

The budget act was tightened up to force counties and municipalities to file their budgets with state officials.

Other minor laws deal with reclassification of counties, recall of county officials, sale of tax certificates, and authorization of recreation and playground systems.

G. S. Klemmedson
Colorado State Agricultural College

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California—Los Angeles County.—From the Los Angeles, Calif., *Times* for April 16 we learn that Mayor Shaw of that city has laid a "proposal for active work on the consolidation of local governmental agencies and functions" before the city council, which referred it to its legislative committee.

Five separate plans of consolidation were presented, as follows:

"To leave the county organization as at present, but to consolidate functions of city and county.

"To consolidate the entire area of the county and its cities into one combined unit, similar to the combined city and county of San Francisco.

"To relieve property in the city from taxation for county functions, but levy a special city tax to pay for any services rendered by another governmental agency on the basis of mutual contracts.

"To separate the present city from the county and form a new combined city and county.

"To abolish the county governments and divide the state into administrative regions, with the state rendering governmental services within unincorporated areas, and also within cities on payment of these costs."

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Texas—County Revenue Sources Threatened.—A proposed constitutional amendment, House Joint Resolution 5, which is now under consideration by a senate sub-committee, would exempt from taxation by all units of government $3,000 in homestead property. Acceptance of this proposal would mean a reduction, almost by half, of the taxable property of Texas counties. The largest source of revenue in Texas for the local units of government is the general property tax, 1932 figures showing that the counties and cities receive about 93 per cent of their income from this source. In the poorer areas, the decrease resulting from this exemption would probably amount to more than 50 per cent.

Senate Joint Resolution 22 is a proposed amendment which would limit the amount of taxes which might be assessed on an ad valorem basis against all property for all purposes in any one year to 1¼ per cent of the assessed valuation. Again we face the problem, where will the counties get money for the operation of governmental services if a strict limitation is placed upon the largest source of revenue left to them? Such a provision placed in the constitution would form too rigid a restriction, and might prove a serious stumbling block to the performance of governmental services.

In both cases the legislature proposes to reduce drastically the revenue sources of the units of local government, but does not suggest alternative sources of funds. It would seem well to make provision for tapping new sources before dispensing with those operating at present.

Roscoe C. Martin
The University of Texas

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Wisconsin—Legislature Considers County Consolidation.—Drawn and sponsored by the State League of Women Voters under the leadership of Mrs. F. A. Ogg, the Daugs Bill providing a method for optional consolidation of counties has passed the state assembly by an almost unanimous vote. The bill provides that any two or more adjoining counties may consolidate by popular referendum on the basis of plans prepared by the county boards of supervisors. In case (a probable one) that the boards of supervisors take no steps initiating this action, not less than 20 per cent of the qualified electors in each county may require the board to take action. If, however, the board is unable to perfect a consolidation plan within six months, the judge of the circuit court of the county concerned may appoint a consolidation committee of five representative citizens who shall prepare the plan. The consolidation plan can be carried into effect if a majority of the votes cast in each county favor the plan. If less than a majority of the votes cast in any county are in favor of the plan, it fails. If a majority of the votes cast in any county are opposed to the plan, the question of consolidation cannot be submitted again in that county for a period of two years. Debts, liabilities, and duties of the original counties are to be transferred to the new unit unless the plan states otherwise.

The passage of this bill, now in senate committee, would be a step forward in this state, where hitherto special acts have been necessary to permit county consolidation. Very likely action under it would be extremely slow, although it is rumored that Buffalo and Pepin Counties will attempt such a step if the bill becomes law.

Would Strengthen County School Board.—The League of Women Voters is likewise sponsoring in the legislature a bill which would create a county board of education of five members to be popularly elected. This board would appoint the county superintendent, the supervising teachers, and other staff members, make surveys as the basis of rezoning school districts and indicating locations for schools, and supply state and county officials with reports. State aid not to exceed three thousand dollars annually would be accorded each county board. While a step towards county centralization, this bill does not, in its present form, impair the powers of school districts to any great degree.

Lee S. Greene

University of Wisconsin

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Virginia—County Officers Organize.—On March 15 the Association of Virginia County Supervisors held their first annual meeting in Roanoke. The supervisors adopted the slogan "Home Rule" and appointed a legislative committee to look after their interest in the general assembly. They listened to an address by the state superintendent of public welfare who told them that the state departments did not seek to superimpose their authority and plans upon the localities, but rather to develop and assist with those originating with the counties. Mr. W. B. Smith, editor of the Roanoke *News,* lectured to the supervisors on the terrible mess of county government. He described it as headless, without sufficient authority vested anywhere, and too inflexible. The slogan "Home Rule" stirred more enthusiasm than the speech on the counties' shortcomings. The writer suspects that the supervisors resent the loss of the roads which, as readers of the National Municipal Review know, were taken over by the state in 1932.

On January 26, the Virginia trial justices, police and civil justices, and judges of the juvenile and domestic relations courts organized into a permanent association. They elected a president, vice-president, a secretary-treasurer, and adopted a constitution and by-laws. Their immediate aim, as reported, is to clarify the fee sections of the Virginia Code. The highlight address was by Judge Cochran of the Norfolk juvenile and domestic relations court who visualizes courts "more responsive to the modern spirit of social justice".

James E. Pate

College of William and Mary

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Pennsylvania—Philadelphia City and County Government.—In Philadelphia between 1,500 and 2,000 county and court employees paid out of the city treasury are not subject to payroll control of city council, the tax-levying and appropriating body of the county. Payroll control is decentralized by laws giving numerous officers and agencies other than city council the right to fix the number and salaries of their subordinates, sometimes within limits, sometimes without limits. Recent years have seen the introduction of many bills for centralizing the control in city council, but the bills have never made any headway. This year a series of five bills introduced by Representative Joseph D. Burke have passed the (Democratic) house and are now in the (Republican) senate. A sixth bill, covering somewhat different and less extensive ground has passed the senate and is now in the house. If a bill is finally passed covering at least the ground common to the senate and house bills, Philadelphia's financial structure will have been greatly simplified.

Meanwhile a proposed constitutional amendment to consolidate city and county into a single municipal corporation with officers who may be elected or *appointed,* in the discretion of the legislature, has passed the senate and is now in the house. Measures of this sort have also been introduced in previous sessions but have died without moving.

Clarence O. Shenton

Philadelphia Bureau of
Municipal Research

TAXATION AND GOVERNMENT

Edited by Wade S. Smith

Municipal Debt Adjustment Act Threatened.—Attempt to amend the Sumners-Wilcox act by introduction in Congress of a bill, H. R. 6982, which would destroy the basic principle of the law, has just been reported by *The Bond Buyer.*

The Sumners-Wilcox Municipal Debt Adjustment Act was passed a year ago to make possible the operation of municipal debt adjustment plans despite the dissent of a small minority of creditors. As was predicted by those who sponsored the bill, few municipalities have availed themselves of the federal bankruptcy courts. The new law has, however, had the effect it was intended to have; it has served as a threat to recalcitrant minority creditor groups which had been blocking adjustments.

Of the newly proposed amendment, *The Bond Buyer* says: "The real purpose of this bill is to make it possible for a municipality to secure a federal court confirmation of a plan of debt rearrangement, reduction or other settlement *without the consent of a single creditor* where a loan to such municipality has been authorized by an agency of the United States Government.

"The federal government is already making loans to drainage, levee, irrigation, and reclamation districts for the purpose of reducing and refinancing their indebtedness. If this bill is passed, the next step might be to provide for similar loans to cities and towns to enable them to scale their indebtedness without the consent of creditors." A proposal that federal loans be made through the RFC at 3 per cent and the money used to recall outstanding state and municipal bonds has already been made in Congress.

According to *The Bond Buyer,* great progress has been made in working out the debt problems of hundreds of municipalities which were forced into default or would have defaulted if their debts had not been rearranged. Even in Florida, where the adoption of the homestead exemption amendment has complicated readjustments, the two worst default situations, Miami and St. Petersburg, have moved steadily toward a complete settlement.

Second Interstate Assembly Acts on Taxes.—Meeting in Washington in the early days of March, the Second Interstate Assembly tackled the problem of simplification of federal and state taxation. The assembly was jointly sponsored by the American Legislators' Association and the Council of State Governments.

Important among the resolutions adopted by the representatives from more than forty states was that suggesting amending the federal income tax law in such a way as to in effect allow the man paying a state income tax to credit the amount on his federal return. The resolution asked amendment of the federal income tax law in one of four ways: by including a "dividend income in the federal tax base as completely as other income"; by "amending the federal and state constitutions to permit the taxation of income from tax-exempt securities and salaries of officials and employees of the federal state, and local governments"; by reducing personal exemptions, "including elimination of the earned income credit"; and by allowing personal exemptions and credits for dependents "in terms of tax".

Other resolutions favored withdrawal of the federal government from the gasoline tax field; application of state gasoline tax revenues, except those needed to match federal-aid funds, to uses other than highway construction; restriction of tobacco taxation by the federal government; no imposition of heavy taxes on beer unless needed for regulatory purposes; exclusive use of electric energy taxes by the states; and imposition of a general emergency sales tax upon a national basis, allocating a substantial portion of the revenue therefrom, upon an equitable basis, to the states.

The assembly proposed the establishment of a tax revision council, to be composed of representatives from federal, state, and local governments, representing administrative and legislative branches, to further study the problem of conflicting taxation.

The assembly also by resolution favored enabling legislation by the Congress to permit "compacts negotiated between two or more states affecting interstate tax conflicts and not affecting the fiscal interest of the federal government". It also favored publication by the states of complete statistics of state and local taxation, expenditures, and debt, as well as a study of the distribution of the tax burden, and the development of simplified and uniform taxation, legislation, and administration.

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New Body of Tax Officials.—Formation of a new orgaization of tax assessing officials and other tax officers of the Great Lakes region has been announced from Chicago. The group will be known as the North Central States' Tax Officials Conference. Illinois, Indiana, Iowa, Kentucky, Michigan, Minnesota, Ohio, and Wisconsin are represented in the conference, which is headed by Melville B. McPherson, chairman of the Michigan State Tax Commission.

The conference plans, among other objectives, the formulation of definite and coöperative policies of assessment procedure for properties located in more than one state, the development of uniform methods of taxation of public utilities, boats, pipe lines and other taxable properties common to all states in the region, and the determination of the kind and extent of supervision which the state tax commissions should exercise over local tax assessors.

A meeting of the group is planned after the adjournment of the various state legislatures. The new conference will work in close coöperation with the National Association of Tax Assessing Officers.

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Fund for Westchester County, N. Y., Tax Liens.—A $500,000 fund for payment of back taxes has been placed at the disposal of three mortgage certificate trustees by the United States Trust Company of New York in order to forestall foreclosure proceedings and restore to normal interest charges on tax liens in Westchester County, N. Y.

Tax liens earn interest at 12 per cent, thus penalizing the certificate holders' property. Borrowing from the fund will restore the interest charges to normal.

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New Delinquent Tax Laws for Michigan.—Two bills of a series designed to solve the problem of delinquent taxes have already been introduced into the Michigan legislature.

One bill provides for the cancellation of the delinquent taxes of 1933 and prior years if the 1934, 1935 and 1936 taxes are paid when due. Sale of property delinquent in 1930 would be deferred on payment of 1934 taxes, of 1931 on payment of 1935 taxes, etc., the delinquent taxes being canceled upon final payment of the 1936 taxes. The bill would not affect the city taxes of Detroit, Grand Rapids, Kalamazoo, Battle Creek, and several other cities that do not return the city tax to the auditor-general for collection.

*

Minnesota Advised to Drop "Tax Bargain" Policies.— In decided contrast to the retrogressive policy mentioned immediately above, the Governor's Committee on Tax Delinquency in Minnesota has taken a positive stand to remove the basic causes for much of the prevailing non-payment of property taxes. Specific recommendations of the committee include:

1. Enact no more discount or so-called "tax bargain sale" laws.
2. Discontinue the suspending or postponing of tax sales.
3. Adopt and enforce uniform rates of interest on all delinquent taxes.
4. Establish a plan of discount to encourage early payment of taxes.
5. Permit installment payment of delinquent taxes.
6. Provide for absolute forfeiture of tax delinquent lands to the state in five years with a mandatory sixty-day notice to be given thereafter.
7. Require appeals from assessments and the assessment thereof to be made prior to the levy of the tax in so far as possible.
8. Clearly define the term "homestead" as a classification for valuation purposes.
9. Enact restrictive legislation limiting the method of imposing special assessments and limiting the amounts thereof.
10. Appointment of a special interim commission with authority and facilities to study and revise the tax code of the state.

The committee was composed of thirteen business men, tax experts, and state and municipal officials.

*

Harrison, N. Y., Foregoes Capital Expenditures for Decade.— By recent adoption of a resolution the council of the town of Harrison, N. Y., formally agreed that the town will make no capital expenditures for the next ten years without consulting the Citizens' Advisory Committee. The resolution, which was presented to Carl H. Pforzheimer, chairman of the committee, reads:

"Resolved, that it is the concensus of opinion of the members of this board that no bonds shall be issued by the town of Harrison, either for general town purposes or for special districts or areas, for a period of ten years for any purpose whatsoever, except in the case of an emergency; that in the event of a need for any capital improvement such as utility building, town house, highways, sewers or other purposes, the proposed project will be submitted to the Citizens' Advisory Committee and if so approved by it, it will be with the understanding that the necessary funds will be included in the subsequent tax levy or levies until the amount required for the improvement is thus accumulated."

The Citizens' Advisory Committee has been instrumental in readjusting the fiscal affairs of Westchester County municipalities since the tax debacle of December 1933, when virtually all of the local governments in the county were in danger of having their current taxes impounded by the county because of arrears in their payments of taxes collected for it.

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Local Government Finance Board Proposed for New York.—Proposal for a special local government finance board, recommended by the New York State Commission for the Revision of the Tax Laws, has been introduced into the New York State legislature by Senator Buckley. It is reported to be favored by the State Tax Commission and the Department of Audit and Control, and to have a fair chance of passage.

*

Chattanooga Remits Penalties for Thirty Days.—An ordinance has been introduced in the city council of Chattanooga, Tenn., removing interest and penalty on delinquent taxes paid within thirty days of March 27. Also delinquent assessments may be paid in the same period with interest but without penality. After the thirty-day period delinquent taxes may be paid in another thirty days by paying interest. At the expiration of the sixty-day period, both penalty and interest will be added, under the provisions of the ordinance.

*

Arkansas Tax Moratorium Law Declared Invalid.—In a decision of April 1, the United States Supreme Court declared the Arkansas 1933 tax moratorium unconstitutional. This act substantially reduced charges, and its general effect was to allow owners to remain in charge of tax delinquent property and redeem it at the tax sale price two years after the sale was held.

The decision is also held by competent attorneys to invalidate three other moratorium acts passed later in 1933, even more favorable in their terms than the act specifically condemned.

PROPORTIONAL REPRESENTATION

Edited by George H. Hallett, Jr.

Wheeling Adopts P.R. and Manager.—On April 18, Wheeling, West Virginia, adopted a "Cincinnati plan" charter by 8,789 votes to 7,339.

The first council will be elected by proportional representation on June 4 of this year and take office July 1, at which time the first city manager since Wheeling abandoned an inferior manager plan arrangement in 1929 will be appointed. The 1939 dates mentioned in this department last month are the first dates mentioned in the new charter but they are actually the dates of the second election and the beginning of the second term, the initial dates having been set in the enabling act of the West Virginia legislature.

Credit for the victory goes to a group of energetic young men—and later women—who were inspired last summer by reading Charles Taft's book "City Management: The Cincinnati Experiment" and organized the Wheeling Association to do for their city what the Cincinnatus Association and the City Charter Committee had done for Cincinnati. Systematically they went about the organization of committees, the drafting of a charter on the Cincinnati model, the raising of funds, steering a permissive bill through the legislature, and the speaking, writing, research, advertising, and office and personal work of a very thorough campaign for adoption. Older people were brought in only to the extent of giving the movement their advice, public blessing, and financial support. And though Cincinnati leaders and the National Municipal League were called on for extensive material and advice, out-of-town talent was used publicly only to the extent of one address by Henry Bentley, chairman of the Cincinnati City Charter Committee, and one by the mayor of Cincinnati, Russell Wilson.

Precinct organizations were set up in every one of the twelve wards. Speakers were trained and over 150 meeting and radio addresses delivered in the six weeks between the passage of the bill and the charter's adoption. Headquarters were opened in charge of A. Bates Butler, Jr., as Executive Secretary. And leadership of a most effective kind was supplied by such young attorneys as Julian G. Hearne, Jr., chairman of the Wheeling Association, who drafted the enabling bill and the charter, and Hugo F. Blumenberg, who engaged the chief opponent of the charter, former city solicitor Frank A. O'Brien, in a public debate before nearly three thousand persons which proved the high-water mark of the campaign. As if made to order this debate was followed by indictments of two county officials for racketeering activities and the disclosure of defalcations by a former city clerk. The charter was swept in on a wave of feeling that any change would be for the better.

Professional politicians underrated the new movement until it was too late. In the closing days the opposition became very active and was obviously well financed, but it never rivaled the organization of the charter proponents.

Two of the three daily newspapers, the Wheeling *Intelligencer* and the Wheeling *Daily News,* gave the charter movement active editorial support. The *News* greeted the victory with an editorial in which it said: "Wheeling struck a telling blow for good government yesterday when it ratified the Cincinnati charter plan. . . . Since the Wheeling Association has made such a good start, it should carry on with the same courage and vigor that characterized its campaign. It should become a permanent organization, concentrate on the best citizens available to nominate for council, and drive them through to victory."

The Wheeling *Register* was skeptical during the campaign but accepted the result with a front-page editorial on the same note: "Let us place real and reliable men such as those who have been in the background of this movement in the high elective office of councilmen. They will not be influenced by petty politics but will observe and fulfil the obligations of their office."

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P.R. Proposals Multiply in Pennsylvania.—On April 9 more than one hundred prominent citizens of Pittsburgh journeyed to Harrisburg to support Senator Frank J. Harris's optional P.R.-city manager bill for Pittsburgh at a public hearing. Forty-three different organizations were put on record for the proposal. Spokesmen for the Civic Club, the League of Women Voters, the Congress of Women's Clubs, the Building Owners and Managers Association, the Northside Chamber of Commerce and the special committee sponsoring the bill stressed the argument of home rule as well as the benefits expected if the plan is adopted by the voters this fall. Edward O. Tabor, A. Leo Weil, Dr. M. K. McKay, Mrs. John O. Miller, and Senator Harris himself delivered the principal addresses. No one appeared in opposition and the questions of legislators were all in friendly tone.

Progress on this and the permissive bills for other municipalities listed in our last issue has been delayed by a prolonged deadlock on questions of taxation. The Andrews optional city manager bill for third-class cities, however, has at this writing advanced to third reading in the house of representatives.

Meanwhile proportional representation is receiving serious consideration for several other important purposes. Amendments to the Woodward and Ruth bills for the expected constitutional convention which would provide for the election of the delegates by P.R. are being considered in committee. Both bills already provide for inferior forms of minority representation.

In connection with the proposed new constitution the executive committee of the Philadelphia Conference on Government is suggesting to its forty-three coöperating organizations and the public a "state legislative body to consist of one house, members elected by proportional representation," as one of seven "goals of the constitution of 1936".

Two rival commissions working on proposed charters for metropolitan Pittsburgh, the city-county consolidation which has been authorized by constitutional amendment, have had P.R. under consideration. The "People's

Metropolitan Commission", appointed by the Allegheny County Commissioners and consisting of twelve members from Pittsburgh and twelve from the rest of the county with E. Lowry Humes, a prominent attorney, as chairman, has tentatively approved P.R. for the election of the governing city-county commission. George Brady Snyder, a teacher in the Taylor Alderdice High School who has done valiant service to the cause of P.R. for many years, prepared the P.R. provisions on the basis of National Municipal League recommendations and on March 1 conducted a public demonstration election under the auspices of the commission.

The Metropolitan Charter Commission originally appointed by Governor Pinchot in 1923, reappointed by Governor Fisher, and recently revived with some additions as an unofficial body by the Pittsburgh Chamber of Commerce, also considered P.R. It was impressed, however, with doubts as to its constitutionality which seem ill-grounded in view of the wide use and established constitutionality in Pennsylvania of inferior methods of securing minority representation. The Commission has submitted a bill at Harrisburg through Senator George Rankin, Democrat of Wilkinsburg, providing for a metropolitan manager under the title of public administrator and a commission elected by six very unequal districts. With regard to P.R. the bill provides:

"It is the legislative intent and the intent of the electors expressed by their approval of this charter when and if the same is hereafter adopted that the benefits of changes and improvements in the laws governing elections made from time to time by virtue of constitutional amendment or revision or otherwise shall be forthwith made available to the electors of the consolidated city; and to this end it is hereby provided that, in the event that a proper system of elections by proportional representation or any other change or modification in the conduct of elections is hereafter provided for by constitutional amendment, revision or otherwise, that the board of commissioners of the consolidated city shall as soon as practicable thereafter submit to the electors of the consolidated city a practicable and equitable plan for the application of said principles to the election of elective officers of the consolidated city, the question to be submitted and voted upon at a general or special election as may be determined by the board of commissioners."

Recently P.R. has been suggested as a proper method for the election of the Pittsburgh and Philadelphia school boards. These boards are now appointed by the courts, an illogical method but one which has been defended by public-spirited citizens as a means of keeping the schools out of politics, in which they were deeply enmeshed in the days of popular election. Advocates of the change point out that P.R. should accomplish the same result without depriving the citizens and taxpayers of control over their educational system. P.R. has been used for education authority elections throughout Scotland with salutary results since 1918.

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Optional P.R. for Counties Passed by New York Senate.—Once again the New York Senate this year passed the optional forms of county government bill sponsored by Senator Thomas C. Desmond, independent Republican, of Newburgh. And once again it was held in rules committee in the assembly at the close of the session as in 1934, though this year both houses were under Democratic control.

The bill was prepared with the assistance of the National Municipal League and might in most respects have served as a model for other states. It made available for counties outside New York City, by petition (or resolution of the board of supervisors) and popular vote, four improved forms of county government including the county manager plan. In connection with each form it made available a small county board of supervisors separate from the town and city supervisors who now constitute the board ex officio and a choice of election methods including proportional representation from the county at large. It thus embodied in optional form the National Municipal League's model plan of county government so far as constitutional limitations will permit.

A less comprehensive bill making the county manager plan available without change in the composition of the county board passed both houses and at this writing is still before the governor. See page 271.

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P.R. Defeats Hitler in Danzig.—Just as proportional representation delayed the ascendency of Hitlerism in Germany for two elections by giving full representation in the Reichstag to the divided opposition (and failed to check it a third time only because the late Nationalist Party was so short-sighted as to join the Nazis in abandoning the proportional principle), so P.R. has blocked, at least for the time being, the plans of the Nazis to abolish popular government in Danzig.

To revise the constitution and put their aims into effect the National Socialists had to win two-thirds of the members of the Volkstag. Under a plurality method of election giving all the representation of each district to the largest party they would doubtless have succeeded on the strength of their 60 per cent vote. But under proportional representation this gave them 44 seats out of 72, 4 seats short of two-thirds and only 3 more than the time before.

A dispatch of April 8 from Otto D. Tolischus to the New York *Times* gives the P.R. results of the last two Volkstag elections as follows:

	1933		1935	
Party	Votes	Seats	Votes	Seats
National Socialists	109,029	41	139,043	44
Socialists	37,882	12	38,015	12
Catholic Centrists	31,336	10	31,525	9
German Nationalists	13,596	2[a]	9,691	3
Communists	14,566	5	7,990	2
Poles	6,743	2	8,310	2
	213,152	72	234,574	72

Even with the high-pressure electioneering of the recent campaign there was a comparatively small turnover in votes and consequently, as in most P.R. elections, there was a comparatively small change in seats. Since Danzig is a typical German city, the result is taken to indicate what might happen in a German election today if opposition parties were allowed to function at all and were given representation in proportion to the votes they cast.

GOVERNMENTAL RESEARCH ASSOCIATION NOTES

Edited by Robert M. Paige

Governmental Research Association Award.—The annual award made by the Governmental Research Association for the "most noteworthy" piece of research completed by a member of the organization during 1934 went to J. M. Leonard and Lent D. Upson of the Detroit Bureau of Governmental Research for their report, "The Government of the Detroit Metropolitan Area." Second place in the contest in which more than one hundred research bureaus were entered went to the "Survey and Report of the Providence Fire Department" by Robert Goodrich, executive director of the Providence, R. I., Governmental Research Bureau.

Honorable mention was awarded the following reports: "Refuse Collection and Disposal," by Hazen Pratt, staff member of the Rochester, N. Y., Bureau of Municipal Research; "Office of the Clerk of Courts of Hamilton County, Ohio," by R. C. Atkinson for the Cincinnati Bureau of Governmental Research; "Survey of the New Haven, Conn., Police Department," by Paul B. Wilcox, executive director of the New Haven Taxpayers, Inc.; "Registration and Voting in Kansas City," by Walter Matscheck, executive director of the Kansas City Research Institute; and "The Administration of Old Age Pensions in Marion County," by Virgil Sheppard, director of the Bureau of Governmental Research of the Indianapolis Chamber of Commerce.

Judges in the contest this year were Howard P. Jones, secretary of the National Municipal League; Carl H. Pforzheimer, prominent business man and civic leader in New York City; and Edwin A. Cottrell, head of the department of political science of Stanford University.

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Hawaii Bureau of Governmental Research.—The past two years have been a period of great activity and accomplishment. At no time since its inception in 1928, has the Bureau been called upon for such a large number and variety of services to the departments and institutions of the territorial and county governments: during no other period has such a large percentage of its findings and recommendations been accepted and put into effect.

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[a] The under-representation of small parties frequently found in party list system results is usually explained by their failure to poll the quota necessary to elect one member in several different districts.

Some of the major reports and investigations during this period were:

A study of the budget of the county of Hawaii, which resulted in a saving of approximately $100,000;

An analysis of the expenditures of the territory for dependents, hospitals and medical care, corrections, and defectives;

A study of living costs which supported the action of the governor in recommending a 10 per cent salary cut for territorial employees;

A survey of all departments and institutions of the territorial government, made at the request of the governor to determine where operating economies might best be effected;

A study of the Honolulu Police Department made at the request of the police commission, which showed that political domination and inefficiency no longer existed and that every effort was being made to build up a local police force of high calibre and efficiency;

A classification of positions and standardization of salaries which was put into effect on July 1, 1933;

Preparation of the application of the board of prison directors of the territory to PWA for a loan of $109,000;

Survey of the Maui County government.

During the past twelve months, the Bureau has acted as the fact-finding agency for the Governor's Advisory Committee on Taxation, and by the analyses of some 360,000 tax returns has developed factual data and statistics upon which this advisory committee has based its recommendations for the complete reorganization of the territorial taxation program. At the insistence of Governor J. B. Poindexter, Oscar Goddard, director of the Bureau, has served as a member of this advisory committee on taxation and has taken a prominent part in the development of its proposed program. He is now serving in an advisory capacity to the ways and means committee of the territorial senate which has under consideration the various proposals for tax change as submitted by the governor.

When the CWA program was inaugurated, John H. Kangeter, engineer of the Bureau, was loaned to the relief commission to serve as chief engineer. His services proved to be indispensable and the Bureau has continued to make his services available to relief authorities.

The Bureau is planning to devote its resources to the following projects during the present year:

1. A reorganization of the territorial tax offices and the establishment of a modern administrative procedure for tax levy and collection;
2. Further study of county government with the view to the establishment of a modern economic and centralized county government in the various counties of the territory;
3. An intensive study of the functions and operations of the various departments and institutions of the territorial government;
4. Classification of positions and standardization of salaries of the various county offices and positions, and the perfection of the classification system already established in the territorial government.

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Bureau of Governmental Research of New Orleans.—While the citizens and taxpayers of New Orleans have literally been holding their breaths during the past six months in expectancy of perplexing changes in state and local government caused by the political turmoil in Louisiana, the Bureau has quietly proceeded with its work toward the ultimate betterment of government in New Orleans.

Some of its main projects during this period have been studies of the brake tag situation, purchasing procedures, the 1935 budget, the location of a new fire station, and the maintenance of public buildings.

In the fall of 1934 a preliminary study of the budget system was sent to the city officials for review. The study pointed out the deficiencies of the present system and recommended an entire revision of budgetary practices. In December 1934 a committee of the Bureau met with the commission council, and a report containing twenty recommendations showing where the city might save nearly $350,000 in 1935 was discussed. Many of the recommendations were adopted and a large saving made.

Over a year ago the Bureau suggested that a cheaper type of brake tag be used with a saving of approximately $15,000 a year to the city. In January 1935 the commission council approved the selection of a small windshield glazed sticker to replace the old glass and metal buttons, which will save about $7,000 annually.

With eighteen various governmental purchasing agents in New Orleans, a variety of prices are paid for the same article. This was proven by a survey made by the Bureau on a few selected articles bought by seven of the purchasing agents. A plan of coöperative or joint purchasing has been suggested, and city officials are taking this under consideration, as it has been shown that many dollars can be saved.

The Bureau has investigated and brought together opinions of authorities on fire problems in connection with the establishment of a new fire station at a doubtful location. Expert advice may prove successful in relocating the proposed station.

A survey of the maintenance of buildings shows a decentralized method of taking care of city properties. Work and plans are now under way for the betterment of this condition.

HAROLD A. STONE, *Director*

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Detroit Bureau of Governmental Research.—The Bureau has been actively coöperating with the newly formed Social Science Research Council of Wayne University (formerly Colleges of the City of Detroit) in guiding advanced students in the study of practical problems in government.

The first of these studies was a statistical analysis of the current and delinquent tax rolls by Sidney Tickton. It discovered that the delinquent tax roll was but a cross section of the current tax roll. In other words, each type of property, arranged according to the amount of taxes paid, was responsible in the same degree for the delinquency. This study also indicated that the small property owner, paying taxes of $50 or less, represented about 50 per cent of the number of parcels of property assessed but paid only about 6 per cent of the total tax levy. This practically refuted the oft-repeated statement that the widows and orphans were responsible for the tax delinquent and therefore nothing should be done to force the payment of taxes. The study was rather popular and is to be revised and reprinted in the near future.

The second study was on the English system for the taxation of real property based on an income or rental value. This study was chiefly the work of Miss Rosina Mohaupt, now a member of the Detroit Bureau of Governmental Research, who was assisted by Alger Lentz. It was an expository statement of the English system taken from the various technical texts, and in general was devoted to the translation of English assessing terms into understandable American phraseology. The study was most opportune as it preceded a constitutional amendment offered in Michigan in November 1934, which was designed to make the income method of assessment legal. The voters were asked to make a decision when no information was available on the relative merits of the plan. However, this study indicated that the income method of assessing, while correcting some of the difficulties of the present practices in this country, had other shortcomings of considerable importance. For instance, as vacant property deriving no income was exempt there was little incentive to develop this property, and English writers blame the assessing practice for the slum areas and the housing projects subsidized by the government. Also, it was thought responsible for the very narrow urban lots in England. The English system, to a person acquainted with our methods, appears complicated. The one factor in particular which appears to have been overlooked by the proponents was that in a large number of cases it was not the actual income which was measured, but the income which the assessing officer believed should be realized. However, this system of assessing undoubtedly is as "scientific" as our practice in this country. This study proved extremely popular and it is being revised and reprinted. The amendment was defeated.

The third study in the series has just recently been released. It is a study of the tax delinquency in one of the twenty-two wards into which Detroit is divided. An analysis of this study will be found on page 231 of the NATIONAL MUNICIPAL REVIEW for April.

A tax receivership law, modeled after the "Skarda" act developed in Chicago, appears to be the only solution to the problem of the growing tax delinquency of apartment houses which this study brought out. It is thought that this method of tax collection does less damage to property rights than the usual methods adopted to force tax payment, in that an owner loses control of his property only temporarily, not permanently as through a tax sale. At the present time, there is a bill in the legislature known as the Nagel bill which closely follows the principle of the Skarda act, although it has been modified to exempt homesteads and limit the amount charged for administration. The Bureau's study has been used liberally in public discussion of the bill.

J. M. Leonard, *Acting Director*

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Liquor Study Committee.—This Committee, headed by Raymond B. Fosdick and Albert L. Scott, is the one which last year brought out the volume "Toward Liquor Control" for which John D. Rockefeller, Jr., wrote the Foreword. "Toward Liquor Control", it will be remembered, was a study of the methods of liquor control of certain foreign countries, made for the purpose of pointing the way to methods of liquor control which would be suitable for application in the United States following repeal of the eighteenth amendment. At present the Committee, with Leonard V. Harrison as director of research, is engaged in making a study of the way repeal has worked in the various commonwealths of the United States during its first year. Conditions in some thirty-seven states have been studied and preparation of the final report has been begun. Publication of a companion volume to "Toward Liquor Control" is expected in the early summer.

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Bureau of Municipal Research of the Cleveland Chamber of Commerce. — For many years the Cleveland Chamber of Commerce has had a committee on public finance and taxation, which has dealt with the financial problems of the state of Ohio, the city of Cleveland, the board of education, and Cuyahoga County. During these years the secretary of the committee has carried on some research work, but only to a minor extent.

Finally, in 1932, the committee felt the need of further research service, with the result that a Bureau of Municipal Research was organized. The secretary of the committee became also the director of the bureau and three associates were employed—one to devote his time to city affairs, one to county affairs, and one to the board of education.

The committee on public finance and taxation was organized into four subcommittees: one to deal with general legislation and financial problems of interest to all the local governmental subdivisions and the state, one to deal with city, one with county, and one with board of education affairs. This committee and its subcommittees supervise the work of the Bureau of Municipal Research.

The three primary purposes of the Bureau are: compilation of information on and keeping advised as to the day-by-day financial operations of the city, county, and board of education; establishment of sound financial policies and practices by the city, county, and board of education; and securing of a reduction in the cost of operation of local governmental units.

For the first year the work of the Bureau was largely concerned with obtaining reductions in public expenditures. In this it was somewhat successful. The city and board of education last year spent some 30 per cent less than the peak year and the county about 25 per cent less for general operating purposes. During that time it also dealt with the problem of debt and so far no refunding has been necessary for the city or board of education. The county has found it necessary to refund some bonds.

For the past year the Bureau and the committee have been devoting a great deal of their time to solving the financial problem presented by the reduction of the tax limitation in Ohio from fifteen to ten mills. About one year ago it was recommended that the revenue lost through the reduction in the tax limitation should be replaced by the enactment of a general retail sales tax. The fight for that tax was actively carried on, with the result that such a law was passed by the Ohio general assembly and is now in operation.

At present the Bureau is devoting most of its time to the 1935 budgets of the three local governmental subdivisions. From present indications the operating budgets will be about the same as they were in 1934.

The committee and the Bureau have also had prepared and introduced into the Ohio general assembly three bills. One will permit local governmental subdivisions in Ohio to anticipate a deficiency in operating funds for the next year and to meet that deficiency by refunding bonds maturing in the same year. The refunding would be accomplished, however, by the sale of refunding bonds in the open market, so that the credit of the governmental subdivisions would not be impaired. Another bill permits the payment of real property taxes in ten equal installments in place of semi-annually. That bill also provides that any taxpayer paying six months in advance would receive a discount of 2 per cent. The third bill transfers the making out of the tax bills from the county treasurer to the county auditor. The primary purpose of it is to promote efficiency.

For the next few months the Bureau and the committee will be actively engaged in working out revisions of Ohio's basic tax laws.

Parker Hill, *Director*

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Municipal Research Department of the City of Hartford.—Early in 1934 Mayor Joseph W. Beach of Hartford, Connecticut, succeeded in securing from the city council an appropriation of $10,000 for the creation of the office of director of research and the institution of a governmental research program to assist in carrying out his campaign pledges of more economical and efficient municipal administration.

Rollin B. Posey, graduate of the Harvard School of Business Administration and staff member of the Cincinnati Bureau of Governmental Research, was selected to fill this position, a small staff of assistants was assembled, and a comprehensive research program was launched.

During the first twelve months of the research department's operations surveys have been completed of the departments of streets, police, welfare, widows' aid, health, fire, and building inspection. Recommendations have been made concerning methods of operation and for changes in city ordinances and in the city charter. Many of these changes would result in economies which can be definitely estimated in terms of dollars and cents, and the possible economies pointed out in this way totaled $430,000. Savings actually realized or in the process of installation will save approximately $150,000 a year. Some of these savings are being realized by the introduction of machines for street sweeping, the motorization of the ashes and rubbish collection service, and the installation of a police radio system. No major recommendations have been turned down to date.

Bills designed to make possible the carrying out of some of the recommendations of the department have been introduced into the present session of the general assembly. These bills call for the creation of a department of public safety, a department of public works, and a department of health, hospitals and welfare; the establishment of a merit system commission; and many minor changes in organization and procedure.

The city council has recently approved the continuance of the research department for another year during which time the survey of all city departments will be completed.

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Taxpayers Research Association of Fort Wayne.—This organization was formed during 1934, and for more than six months has been issuing a lively *Research Bulletin,* giving "facts and figures" and "the news behind the news". The Association has received much credit for a fifty-cent reduction in the 1935 tax rates ordered by the County Tax Adjustment Board before which the Research Association presented its findings.

A detailed analysis of local government expenditures during the past five years has been made by the director of the Association and a staff of accountants. This involved an examination of more than 400,000 individual vouchers and disbursements. The results of this work would make a volume of approximately 600 pages of closely typewritten schedules and statements. The director of the Association, Angus C. McCoy, served for four years as auditor of Allen County and for four years as comptroller of the city of Fort Wayne.

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Taxpayers Association of New Mexico.—During the year 1934 the Association engaged in activities similar in character to those of preceding years. It assisted in the preparation of the budgets of local school and municipal authorities and on request prepared the forms and assembled the budget requests of all state agencies for presentation to the state legislature. For its work in connection with the preparation of the state budget the Association was compensated to the extent of $500.

During 1934, for the first time since the Association's organization in 1915, it was possible to issue its periodical *The New Mexico Tax Bulletin* each month. The year's issues of the *Bulletin* totaled 192 printed pages of statistics, discussions, and information relating to taxes, public revenues, and expenditures.

The Association participated in the drafting of bills presented to and enacted by a special session of the legislature to replace the revenue lost by the adoption of a constitutional amendment limiting tax rates to 2 per cent except for debt service. These replacement revenues were sales and liquor taxes, the proceeds of which were allocated to the schools.

The special session made provision for the payment of delinquent taxes in installments. With the coöperation of the newspapers the Association conducted an intensive campaign to acquaint taxpayers with this provision and it is believed that this effort was responsible for the collection of a large amount of delinquent levies.

A study of court costs in various counties was undertaken by the Association. About half of the counties have been visited and the necessary data gathered. The study will be completed during the present year.

A survey of the tax rolls in four counties was initiated by the Association and carried forward by a graduate student at the University of New Mexico. This study was important in view of the pending referendum on a constitutional amendment exempting from taxation homesteads up to $2,500 in value. On the basis of this study it is estimated that this exemption will necessitate additional or replacement revenues in the amount of about $800,000.

The special session of the legislature directed the governor to appoint a special commission on taxation and economy. The director of the Association served this commission in a research capacity. Its report was presented in January of this year.

Several of the measures enacted by the 1935 session of the legislature have been advocated by the Association for a number of years. One provided for the consolidation of the revenue collecting agencies of the state; another makes the state comptroller and his staff subject to the direction and supervision of the state board of finance.

MEASURING EFFICIENCY IN HIGHWAY ADMINISTRATION

(Continued from Page 264)

A comparison of the total annual costs, under existing traffic, for an unpaved road and a proposed improvement thereto, indicated immediately which was cheapest. By considering more than one type, it was possible to determine the most economical surface.

The New York State survey in which these principles were applied indicates that the state system and the unimproved townships are the only ones which are clearly not overpaved. Furthermore, a comparison between bituminous macadam and concrete shows that under normal conditions in any unit where 50 per cent or more of the highway costs are met by the car owner, the straight bituminous macadam road never becomes more economical than concrete. The gravel road which has been given a two or three inch bituminous top, however, presents in New York an excellent intermediate type and its use should be encouraged.

In summary the report recommends: (1) the elimination of the town departments and the taking over of their duties by the counties; (2) a detailed traffic record to be kept by each unit and submitted quarterly together with maintenance cost data, length, width, type, etc., on each road; (3) all highway improvements to be approved by the state department, said approval to be granted only after a detailed economical comparison has been made.

It is to be hoped that these recommendations, if carried out, will result in more economical and efficient administration, a sounder program of planning and development, and through the system of reports, the gathering of the data necessary for a more specific appraisal of any given unit or condition, thus presenting a continuous check on the efficiency of the various offices.

RECENT BOOKS REVIEWED

Design of Residential Areas. By Thomas Adams. Harvard City Planning Studies, Volume VI. Cambridge, Harvard University Press, 1934. 296 pp. $3.50.

This recent book of the Harvard city planning research series has perhaps a broader interest and application than does any of the other volumes published to date. Mr. Adams has approached the question of civic design with special emphasis upon the treatment of residential areas from a broad background, dealing first with the social and economic implications of urban development and then outlining the technique of better city building through the media of city plan, neighborhood development and subdivision design, land subdivision regulation and zoning. He sets up well considered objectives and outlines practicable methods for their accomplishment. Naturally, not all of his material is new but, whether old or new, ideas and facts are well and interestingly presented and are liberally illustrated by photographs, maps, charts, and diagrams.

The book is especially timely in view of the large housing program now being advanced by the federal government and in view of the inevitable and approaching renewal of general housing and land subdivision activity to follow the current depression in correction of housing deficiencies accumulated over the past several years.

Three things make the "Design of Residential Areas" an outstanding report:

First: The admirable discussion of approach and techniques, handled in a detached and impersonal manner, stimulating and valuable in a much wider field than that of the planning profession. The question of motives and objectives in planning is easily forgotten but there is unlimited danger in such forgetting.

Second: The analysis of specific plans for residential areas. Where alternative plans have been made for the areas in question, these plans are compared and analyzed. An instance in point is the English residential suburb of London—Hampstead Garden Suburb. This laboratory study has practical as well as theoretical interest.

Third: The general organization of the report which is such that its contents are readily available for reference and general use. The index is not the least of the good features.

RUSSELL V. BLACK

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Jahrbuch für Kommunalwissenschaft, Vol. I, Part II. Edited by Dr. Kurt Jeserich. Vedlag W. Kohlhammer, Berlin 1935. 299 pp. Price RM 6.

The Institute of Municipal Science of the University of Berlin, under the leadership of Dr. Kurt Jeserich, has taken over the publication of the German Municipal Yearbook, formerly issued commercially somewhat as our own *Municipal Index.*

Radical changes have been instituted in format, substance, and date of issue. In the new book, all advertising has been eliminated. Whereas the former publication specialized each year in some particular phase of local administration, the present yearbook seeks to provide a general summary of developments not only in Germany but in other European countries in which, for political or administrative reasons, Germans may be expected to be interested. The present "yearbook" is, in fact, issued semi-annually, and is therefore of considerably more current interest than its predecessor.

The present issue, which covers the period from July to December, inclusive, 1934, summarizes current matters of municipal interest in a series of eleven articles by German, English, and American scholars and administrators. Dr. Karl Lohmann contributes an interesting article on the state, the party, and local administration in Russia and Italy. Dr. Marguerre summarizes recent developments in the public electricity supply. Dr. Christaller writes an extremely interesting article on the physical geography of administrative rationalization. Dr. Zeitler contributes a summary of developments in the field of municipal hospitalization. Dr. Hans Pagenkopf discusses the general problem of decentralized self-government, with particular relation to the federal arrangements of the *Grossstadt* Berlin. Two extremely interesting articles on municipal statistics are contributed by Paul Stegemann and Dr. Herbert Meyer. Stegemann writes on the laws and orders which have aimed at securing better and more comparable municipal financial statistics, while Meyer contributes a summary of miscellaneous administrative statistics, except fiscal statistics. Mr. Montagu Harris discusses recent developments in English local government, while Mr. Paul Betters writes on American cities in the depression. Senator Vinck of Brussels contributes a very enlightening discussion of the International Union of Cities and Local Authorities. To foreign students of the European and German local government scene, the concluding article by Dr. Hilberath, giving a rather detailed summary of the significant happenings in local government in Germany during the half-year covered by the yearbook, is of the greatest interest. Here, in the brief compass of 35 pages, the movements and trends of local administration in Germany for the last six months are set down in a peculiarly clarifying and illuminating manner.

Students of local government the world over are deeply in the debt of Dr. Jeserich and his collaborators for this splendid and aggressive attack on the problem of keeping local government information up-to-date.

Rowland Egger
Public Administration Clearing House

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Wisconsin Regional Plan Review. Madison, Wisconsin Regional Planning Committee, 1935. 501 pp. Limited edition distributed free of charge by the State.

The First Annual Report of the Wisconsin Regional Planning Committee, 1934, consists of a comprehensive study of the population, resources and social and economic background of the state. Made possible through coöperation of the FERA, the study brings to actuality plans which had been made some years ago to take steps toward the increased coördination of rural and urban planning movements.

The volume contains tables on population movements within the state, clear comparisons being given as to urban and rural situations. Sections on education and health contain valuable suggestions for elimination of small units, and corresponding improvement of local personnel.

An intensive study of the problem of conservation is included, showing in graphic style the history of the waste of Wisconsin forest resources. This is followed by a series of articles on planning which give quite complete information on the present situation with respect to both urban and rural zoning. The latter constitutes one of the most significant movements in the state at present.

The section on government and taxation is too brief to be of great service. It is planned that later studies shall give more complete information in this field.

Lee S. Greene
University of Wisconsin

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Essays on the Law and Practice of Governmental Administration. Edited by Charles G. Haines and Marshall E. Dimock. Baltimore, The Johns Hopkins Press, 1935. 321 pp. $3.00.

More than fifty years ago Frank J. Goodnow, first president of the American Political Science Association and known as the "father of American administration" began teaching at Columbia University. In his many years there, and later as president of John Hopkins University, he stimulated scores of students who later themselves achieved distinction in the fields of public administration and administrative law. A group of these have contributed the essays which make up this volume as a tribute to President Goodnow.

The authors include John A. Fairlie, James Hart, George W. Spicer, Charles Grove Haines, Milo R. Maltbie, Thomas Reed Powell, Frank G. Bates, Charles C. Thach, and Marshall E. Dimock. Under the general divisions of the Origin and Meaning of Public Administration, Executive Leadership in Administration, Government in Relation to Industry and Control of Administration, each treats of a subject with which he has had particular opportunity to become familiar.

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Government in a Planned Democracy. By Arthur N. Holcombe. New York, W. W. Norton & Co., 1935. 174 pp. $2.00.

The problem of gearing democratic government to the job of national economic planning is treated in this challenging and enlightening study. The author makes clear the contradiction inherent in the idea of economic planning by those who control business and finance since uncontrolled by government, it inevitably would result in planning for the benefit of the planners. The fate of democracy is linked to the future of economic planning, the author emphasizes, and this means that government must develop administrative instrumentalities to design plans and carry them out. The book is perhaps the best that has been written to date—and the fact that it is brief does not detract from that statement—on the part government must play in national economic planning and the problem of class representation in such government.

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Financing Municipal Recreation. By Randolph O. Huus. Menasha, Wisconsin, The George Banta Publishing Company, 1935. 249 pp. $2.50.

Once financed largely through private funds, the provision of facilities for recreation has become an increasingly important function of local government until in 1931, cities and counties were paying 90 per cent of recreational costs. In a competitive struggle for funds from the general tax levy, recreation, because it is a recently assumed responsibility of city government, frequently suffers as contrasted with older functions. While it should continue to secure substantial support from the general tax funds, especially in providing playgrounds and community centers, other income sources should be developed.

In the discussion of possible sources, special tax levies and the use of excess condemnation as methods of financing recreational projects are not favored. Special assessments have been employed successfully in many communities. The possibilities of gifts and donations should not be overlooked. Fees and charges for use of facilities may be used in successful financing if a sound and definite policy is established.

Those responsible for the preparation of recreational budgets will find special help in chapters analyzing expenditures for municipal recreation and defects of municipal recreation budgets; also in suggested standards for such budgets. Long term planning for capital needs is defined as an essential of adequate fiscal policy.

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Modern Housing. By Catherine Bauer. Boston and New York, Houghton-Mifflin Company, 1934. 331 pp. $5.00.

Catherine Bauer, who has studied the best examples of European housing from the standpoint of possible application in the United States, believes that housing has finally become an issue in this country not so much because a new method is badly needed to halt the "rising tide of urban blight" as because of the many special interests who hope to profit from it. There will not be much progress except in talk until a real mass desire for improved and low-priced dwellings makes itself heard. Miss Bauer has no patience with the subsistence homestead plan, assailing it as a rapid step toward peasantry.

The larger portion of the book is given to the rapid development in housing abroad, and quite rightly, for as the author brings out, with the exception of a few centers such as Radburn, New Jersey, Sunnyside Gardens in Queens, New York, and Chatham Village, Pittsburgh, practically no important work has been done here.

Most of the foreign action was forced by the shortage after the war. Instead of "subsidizing the speculator" as we did in the same shortage, Europe "subsidized the consumer"—the only way in which a satisfactorily planned development can be built, according to Miss Bauer. Either the workers' wages must be raised, or the government has to subsidize the project and any idea of trying to "save the real estate interests" is impracticable. A general dissatisfaction with the old shelters in Europe took form in a public demand for something better. The governments assumed responsibility and wisely spread their small amount of cash over the greatest distance by building strong, well planned houses that would last half a century.

Miss Bauer's book, with its history of housing from the earliest slums to the latest efforts against them, with its scores of illustrations and detailed accounts of building carried on in several foreign nations, is one of the most thorough works that has been written on a subject destined for increasing importance.

*

Chapters in Public Finance. By Paul Studenski. New York, Farrar & Rinehart, Inc., 1935. 177 pp. $1.00.

Four chapters from a revised edition of Economic Principles and Problems by Walter E. Spahr and others, collected and presented separately, provide a reference handbook exceptionally useful as background for interpretation of current news columns dealing with federal, state, and local finance.

Included in the new material are discussions of the course of public expenditures during the depression and under the New Deal, the trend of public revenues during the depression and the course of federal, state, and municipal credit during the depression. Supplementing the excellent reading lists provided at the end of each chapter in the previous edition, Dr. Studenski has added lists of questions which serve to recapitulate the most important material.

*

Richmond City Government. A study by the Richmond First Club. Richmond, Virginia, 1934. 150 pp. Twenty-five cents.

Citizens' Councils will greet with interest this non-partisan study of local governmental services made by a citizens' organization. Along with appraisal of Richmond's present form and method of government are recommendations made by the Richmond First Club for their improvement. The report is in popular newspaper style and was printed in daily installments in the Richmond *News Leader.*

*

County Consolidation. By Edward B. Schmidt. Lincoln, Nebraska, University of Nebraska, 1934. 52 pp. Fifty cents.

This is an investigation of the effect of county consolidation upon the cost of county government in Nebraska. Mergers involving Lancaster and Douglas Counties, the most populous counties in the state, are not considered. The author concludes that in only about one-third of the other counties of the state would consolidation reduce governmental costs.

*

County Finances in the State of Washington. By Joseph P. Harris. Seattle, University of Washington, 1935. 103 pp. $1.00.

In the summer of 1933 the Washington State Emergency Relief Administration found its problem of the allocation of relief funds to the counties seriously complicated by its lack of knowledge of the financial conditions in those units. It asked Professor Harris to undertake the survey of county finances, the results of which are, in part, presented in this volume—one of the University of Washington Publications in the Social Sciences. Financial data on each of the state's thirty-nine counties were secured, tabulated, and analyzed. The tables included in this volume give such facts as population, area, assessed valuation, gross, net and warrant indebtedness, tax levies and tax collections, current and delinquent, county expenditures and unemployment relief costs, and trends in many of these items. General analysis of the data is given to emphasize and clarify the conclusions which may be drawn. The original survey included a detailed analysis of each county; four of these are included here—on King, Pierce, Spokane and Gray's Harbor Counties. Finally, there is a brief section on conclusions and recommendations. The study has doubtless already proved invaluable to the SERA which instigated it; its value to students of local government and finance will be long lived.

*

County Reorganization in Texas. By C. A. Jay. Dallas, Southern Methodist University, 1934. 19 pp.

The winter number of the Arnold Foundation Studies in Public Affairs analyzes and evaluates the several constitutional amendments on county affairs which were submitted to the voters of Texas in November 1934. It describes also the existing legislation affecting Texas county government. The pamphlet is brief but is adequate to explain how the passage of the amendments would constitute a step forward in the efforts being made to improve county government. Unfortunately, however, the county home rule amendment and the related measures were defeated at the election—and the process of educating the electorate continues in its early stages. Since the Arnold Foundation has as one of its purposes "to promote a better realization of the problems and responsibilities of citizenship," it may be expected that that education which this brief analysis offers will be continued, and ultimately, perhaps, its hopes achieved.

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A Model Real Property Tax Collection Law

Report of the Committee on a
Model Tax Collection Law
of the National Municipal League
Arnold Frye, Chairman

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National Municipal League

Foreword

In most local governments throughout the United States delinquent taxes have been a barometer of the depression. When the income of individuals dropped or disappeared entirely while governmental costs continued on, the change in financial status of the individual was reflected on governmental balance sheets in delinquent taxes. This started the long trail of local governmental trouble marked by defaults on bonds, unpaid teachers and other public officials, issuance of scrip, and curtailment of essential services.

During the first part of this period there was much shrugging of shoulders and acceptance of the "inevitable". It soon developed, however, that there was a wide variation in the percentage of uncollectable taxes in similar communities. Many taxpayers, able to pay their taxes, were not doing so, it appeared, but were putting other expenditures ahead of their tax bills. With some cities collecting nearly 100 per cent of their taxes and others struggling along with less than 50 per cent, it was obvious that the depression was not the only factor in the situation. Among the important factors, it became more and more apparent, was the kind of tax collection laws on the statute books and the good or bad administration which accompanied them.

With thousands of different laws and practices prevailing in various sections of the United States, the National Municipal League felt it could make a constructive contribution by developing a suggested model tax collection law representing the sum total of the best thought on the subject. For this purpose a committee with a distinguished membership, representing authorities on various phases of public finance, was formed, under the chairmanship of Arnold Frye, prominent municipal attorney.

In presenting the accompanying report of the committee, the National Municipal League wishes to express its appreciation for the splendid contribution in time and effort made by all the members of the committee and especially the chairman in drafting this carefully worked out report, as well as its hope and expectation that the service rendered will be more than justified by the resulting improvement in this most important branch of public administration.

Howard P. Jones, *Secretary*
NATIONAL MUNICIPAL LEAGUE

Introduction

From approximately 1923 onward, collection of local real property taxes, in terms of the percentage of the tax levy, began dropping, and from 1930 to 1933 dropped precipitately in many of our states. While there was a noticeable improvement in 1934, particularly in the collection of delinquent taxes, the situation gives cause for much concern. As a matter of fact, in many plans, the percentage of collections in the year of levy has been low for a long period of time. Numerous recent analyses indicate that commercial property and vacant lots account for a far larger percentage of delinquent taxes than small homes. For example, in a large county near New York City, while the vacant lots comprise only one-eight of the assessed valuation, they are responsible for one-half of the entire accumulation of delinquent taxes. In the same county, of 60,000 properties in arrears, 48,000 are vacant lots. Forty-seven hundred of these lots are assessed at $20 or less per lot, and have been in arrears since 1895. Under the existing law the cost of an action to foreclose the tax lien is about $290, a fact which explains why municipalities in that county have not found it practical to avail themselves of the only legal remedy open to them.

These analyses indicate that it is not the small home owner who withholds payment of his contribution to the support of government. They also indicate that a large share of the blame for ineffective tax collections should be placed on defective tax collection laws. Their inadequacies were obvious enough in normal times, but it has taken economic adversity to reveal the full force of their cumulative effect. The need for overhauling our collection machinery is, therefore, the *raison d'être* of the report to which these paragraphs are an introduction. The committee has felt that it was not part of its task or within its power to consider the phases of our economic or social structure which tend to produce tax delinquency. It has, moreover, been compelled to assume that such problems as the equitable distribution of the tax burden have been solved. It has proceeded on the theory that, once a levy has been made in compliance with the provisions of law, and the period for appeal from the levy through administrative or judicial channels has passed, the tax becomes a compulsory contribution for the support of government, and leniency thereafter undermines the stability of government itself.

The committee feels that a fair but inexorable procedure for the collection of taxes will have the effect over a period of time of causing the community to view the payment of taxes as a normal civic duty. It realizes also that there is no magic by which an annual levy can be transmuted into cash and that, in addition to adequate machinery for the collection of taxes, competent officials are necessary for the prosaic business of applying it. It has, therefore, included a section in the model law providing for the appointment of the collector rather than his election. Furthermore, the committee has felt justified in drafting a provision applicable to property subject to taxation by several taxing districts whereby duplicate assessments will be avoided in the interests of uniformity and economy of effort.

Despite its failure to include it as part of its collection law, the committee invites serious consideration of the proposal that the entire tax function be taken over by counties. This proposal has received its latest statement at the hands of Governor Hoffman of New Jersey as follows:

> In this movement toward the placing of our local government on

a sound administrative basis, there must be a more effective system for the assessment of property and the collection of taxes. Unless there is fair and uniform assessment, there can be no equalization of the tax burden, and debt limit based on assessed values will have no real meaning. Property assessment is an important and exacting task. It is not a job for amateurs. It should be handled by intelligent and qualified people, free from political or other influences, and in accordance with established standards applied to the whole state. I propose that the county be made the unit of assessment, with general supervisory powers vested in the state tax department. I propose a county assessor in each county, thoroughly qualified by training and experience, with a permanent force of deputies and assistants selected under the provisions of the civil service laws. I propose a similar plan for the collection of taxes with a county tax collector selected on the basis of experience and fitness, whose necessary staff of deputies and assistants shall be selected through civil service methods. In some of the larger municipalities it may be found advisable to provide for local assessing and collecting authorities functioning as deputies under the county officers. These administrative details and procedures can readily be worked out, and under such a plan we can be assured of more equitable assessments and more effective collection procedure in the small cities, townships, boroughs, and villages, as well as in the larger communities. Arrangements can well be made with banks throughout each county to serve as collecting agencies for the convenience of taxpayers. Adequate records can be maintained and the moneys collected for each local unit of government can be paid to the proper local officials as rapidly as collections are made.

In some states, unfortunately, such a scheme raises constitutional difficulties because of the peculiar form of some home rule provisions. In New York this is the case. *People ex rel. Town of Pelham* v. *Village of Pelham*, 215 N. Y. 374 (1915). But the committee has not undertaken to conform the provisions of the model act to the variations from state to state of constitutional law.

The belief of the committee in the importance of a uniform and planned tax calendar is reflected in Article II, which in a strict sense has no place in a tax collection law. It supposes a fiscal year of July first to June thirtieth, but, since the only significance of the dates in the suggested calendar is their relationship to each other, the entire scheme can be adapted to any other fiscal year by the simple expedient of adjusting all dates to fit the new pattern. Or the practical problem of adjusting an existing tax procedure which does not stand in the same chronological relationship to the fiscal year as that suggested in the model law may be solved by changing the fiscal year. The intervening period may be covered by the adoption of a single budget for the interregnum and the new fiscal year or a separate budget for each. This is a matter preeminently for the individual states, however, and the committee limits itself to indicating the possibilities.

The model law attempts to profit from the experience of the depression years. It is not, however, an experiment. The committee has preferred to trust to machinery which has been tried by experience. Every provision has behind it a record of successful application in some State.

A study of the tax laws of those States where collections have been conspicuously good has led the Committee to the following conclusions as to what a model law should contain:

1. It should provide for the payment of taxes in semiannual, at least, and

preferably in quarterly, instalments of which the first should be due as nearly as possible at the beginning of the fiscal year, in order to reduce the expense of borrowing in anticipation of taxes. Each instalment should be separately treated with respect to liens and penalties.

2. No discount for prepayment of taxes should be allowed, because instalment payments make this expense unnecessary.

3. Penalties for non-payment of taxes should be sufficient to make it unprofitable to withhold payment.

4. Tax liens should be sold at a general sale soon after the date of delinquency of the last instalment. The law should make it mandatory that sales be held annually at an invariable date. Sales once begun should be continued from day to day without adjournment. Experience has shown that otherwise, favoritism may creep in and taxpayers will come to the conclusion that taxes need not be paid. The method of bidding should be on the interest rate which the purchaser will accept, thus keeping down the cost, but with a statutory maximum rate high enough to attract purchasers. The exact rate will depend on prevailing money rates but experience indicates 12 per cent per annum as a reasonable maximum. It has also been found that purchasers cannot be obtained if foreclosure is delayed and is expensive because such lien certificates are not desirable bank collateral. For this reason, the law may provide that interest be payable semiannually and the period of redemption be shortened if interest and current taxes and assessments be not paid.

5. As to legal procedure for foreclosure of the equity of redemption, it should be as simple, expeditious, and inexpensive as possible, consistent with good land titles. The procedure in the land courts, such as exist in some of the New England states, is effective. In other states, a proceeding in equity as for foreclosure on a mortgage gives a satisfactory title, but the statute should not make it necessary to have a separate proceeding for each parcel. In order to reduce the expense in the case of property of small value, such as vacant lots in outlying sections of a city, the statute should provide an alternate proceeding *in rem.*

6. There should be personal liability for taxes so far as constitutionally possible.

7. Some elasticity should be given to enforcement machinery by the addition of such special remedies as the collection of the rents and income of delinquent real estate through statutory receiverships of income-producing property, such as have been provided by law in several states.

8. The collector should hold an appointive rather than an elective office and he should be required to give a surety bond conditioned upon the faithful performance of his duties, including the observance of all controlling provisions of law.

COMMITTEE ON A MODEL TAX COLLECTION LAW
ARNOLD FRYE, *Chairman*

Note.—Since the correction of the final proof it has been suggested by a member of the Committee that some method be devised whereby in case bankruptcy occurs that part of the bankrupt's real estate upon which there is a municipal lien be viewed as the property of the municipality and not in the custody of the law, or at least that the lien be made indestructible, so as to permit enforcement after the conclusion of the bankruptcy proceedings. Lack of time prevents anything but a statement of the problem.

A Model Real Property Tax Collection Law

Report of the Committee on a Model Tax Collection Law of the National Municipal League

An Act Relating to the Levy and Collection of Taxes on Real Property.

Be it enacted . . . .

Article I. Short Title
II. Levy and Assessment
III. Collectors
IV. Collection of Taxes
V. Collection of Delinquent Taxes by Appointment of Receiver of Rents and Income
VI. Personal Liability for Taxes
VII. Collection of Delinquent Taxes by Sale of Real Property
VIII. Redemption
IX. Foreclosure by Proceedings *in Personam*
X. Foreclosure by Proceedings *in Rem*
XI. Severability of Provisions

ARTICLE I

SHORT TITLE

Section 1. Short Title

Section 1. Short Title. This act may be cited as the "Real Property Tax Collection Law."

ARTICLE II

LEVY AND ASSESSMENT[1]

Section 2. Property subject to tax; method of assessment
3. Period and method of assessing
4. Changes entered; amount of total tax fixed
5. Corrected duplicate delivered to collector

Section 2. Property subject to tax; method of assessment. All real property within this state not expressly exempted by law or excluded from the operation of this article[2] shall be subject to annual taxation at its true value. Valuations shall be made by the assessors[3] of the respective taxing districts, except that in the case of two or more taxing districts the limits of one or more of which are entirely within those of another, the valuations of the larger district shall be the ones employed in the district or districts so included.[4]

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[1] Some members of the Committee are of the opinion that too much time is allotted for the various steps in the tax procedure. The majority, however, has adopted the proposed schedule because it has felt the average state will not find it feasible to operate under narrower limits. Furthermore, as indicated in the introduction, this article is included purely for the purpose of providing a background against which to project the balance of the act.

[2] Since this article is intended merely to be a suggestive outline, such exemption provisions should be added as may be consonant with the policy of the particular state.

[3] Upon the adaptation of the model law to the law of any particular state it will probably be necessary to define or to make more specific many of the terms used herein. Some of the terms requiring definition or change are *assessor, board of taxation, taxing district,* and *governing body.* Those requiring to be made more specific are such terms as *chief financial officer* and *municipal charges which are a lien on real property.* For the purposes of the model law it is felt the terms are sufficiently plain without definition.

Section 3. Period and method of assessing. The assessor shall begin the work of assessing real property annually on October first and shall complete the work by January tenth, on which date he shall attend before the board of taxation of the taxing district and file with it his complete assessment list together with a true copy thereof to be known as the assessor's duplicate. Said list shall be examined, revised, and corrected by the board as provided by law.

Section 4. Changes entered; amount of total tax fixed. The board of taxation shall cause to be entered upon the list and duplicate in appropriate columns all corrections and additions thereto which it may determine to make, and, after ascertaining the amount to be raised by taxation in the taxing district, the rate per dollar which, when applied to the total value of all taxable property shown on the list and duplicate, will be sufficient to produce the amount to be raised, and shall also cause to be extended on the list and duplicate the amount of tax computed upon each assessment at that rate.

Section 5. Corrected duplicate delivered to collector. The board of taxation shall, on or before July first in each year, cause the corrected, revised, and completed duplicate, certified by it to be a true record of the taxes assessed, to be delivered to the collector of the taxing district.

ARTICLE III

COLLECTORS

Section 6. Collector to be appointed
7. Collector's bond

Section 6. Collector to be appointed.[5] The collector of each taxing district shall be appointed by the chief financial officer thereof for a term of three years, but in the event of failure to appoint his successor at the expiration of his term of office he shall continue to hold office until his successor is appointed and qualifies in his stead. Vacancies in the office of collector shall be filled by the chief financial officer of the district for the balance of the unexpired term.

Section 7. Collector's bond. The collector shall, before the delivery to him of the tax duplicate for any year, give a surety bond for the faithful performance of his duties, including compliance with all controlling provisions of law bearing upon the functions of his office, in a form approved by the state tax commissioner and in such sum, not less than the amount established by the commissioner, as shall be fixed by the governing body of the taxing district. A copy of such bond shall be delivered to the commissioner.

ARTICLE IV

COLLECTION OF TAXES

Section 8. Preparation and delivery of tax bills
9. Description of tax bill
10. Taxes payable in instalments; may be received at any time
11. Tax a lien
12. Penalties and interest

Section 8. Preparation and delivery

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[4] The committee recommends that all taxes assessed against the same property be included in a single tax bill and collected by one taxing district. See footnote 17. In some states the assessment procedure here provided for overlapping taxing districts may be held unconstitutional because of home rule provisions. See *People ex rel. Town of Pelham* v. *Village of Pelham,* 215 N. Y. 374 (1915).

[5] In small communities, where the chief financial officer can himself act as collector, the Committee suggests that he do so. This section is not intended to compel duplication of functions.

of tax bills. As soon as the duplicate is delivered to the collector of the taxing district he shall at once begin the work of preparing, completing, mailing, or otherwise delivering tax bills to the owners of property assessed so far as such owners are known, and shall complete such work on or before July fifteenth. The validity of any tax or the time at which the same shall be payable shall not be affected by the failure of the collector to mail or otherwise deliver a tax bill.

Section 9. Description of tax bill. Each tax bill shall contain a statement of the valuation of the property against which the tax is levied, the full amount of the tax for the year, the amount payable as each instalment, the due dates thereof, the penalties for delinquency, and the remedies available against the taxpayer. There shall be a detachable stub for each instalment, containing the amount thereof, its number, and a place for receipt when the instalment is paid.[6] Each tax bill shall also have printed thereon a brief tabulation showing the distribution of the amount raised by taxation in the taxing district, in such form as to disclose the number of cents in each tax dollar applicable to the payment of state, county, and school taxes, when included in the bill, and to local expenditures.[7] The last named item may be further subdivided so as to show the amount applicable to the several departments of the government of the taxing district.

Section 10. Taxes payable in instalments; may be received at any time.

(a) Taxes shall be payable in four equal instalments[8] due the first days of August, November, February, and May. Failure to pay on the date due shall cause the instalment to become delinquent and shall subject the property assessed to the penalties hereinafter provided.

(b) No payments shall be applied to any instalment until all previous instalments of taxes for the same year have been paid.

(c) Taxes may be paid in full at any time. Payments of taxes on account may be made at any time either before or after their due date in amounts of not less than five dollars or multiples thereof.[9] If the tax for the current year has not yet been fixed, such payments may be made on the basis of taxes of the preceding year. Any overpayment shall be refunded immediately upon the determination of the current tax. No discount shall be allowed, however, for the payment of the whole or any part of the tax before it is due.[10]

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[6] This provision has met with some objection on the ground that such details are not the proper subject of statute law. It is felt, however, that in no other way than by the inclusion of such minutiae in the tax law itself can the present loose practices be eliminated. The same end may conceivably be accomplished by requiring bills to be rendered in quadruplicate

[7] See footnote 4.

[8] Some Committee members favor a mandatory requirement of only two instalments, with four permissive.

[9] Some objection has been raised to this provision on the ground of bookkeeping difficulties. There is some disagreement, however, as to the actual extent of these difficulties, and it is felt that any which may arise will be more than offset by the increased return which experience has shown results from allowing partial payments. Furthermore, a unit as small as five dollars is necessary in order that as a practical matter the privilege may be available to taxpayers in the less heavily populated taxing districts.

[10] The prohibition of discounts does not have unanimous assent. Those in favor of permitting discounts urge it as a convenient device for the stimulation of payment and thus avoiding the necessity for borrowing in anticipation of taxes. Experience has shown, however, that advantage is taken of discounts only by those large taxpayers who normally pay in any event. While the majority of the Committee is eager to make tax borrowing unnecessary, it feels that the proper method of approach is to provide for the instalment payment of taxes, which has the added advantage of preventing any unforeseen diminution in municipal income. In this view of the matter the allowance of discounts is justifiable only as a temporary expedient pending a revision of the tax calendar.

Section 11. Tax a lien.

(a) All unpaid taxes on real property, together with penalties and costs of collection, shall be a lien on the real property on which they are assessed upon delinquency.[11] All other municipal charges which are liens on real property shall become liens on the respective dates fixed by law. The phrase "municipal liens" when hereafter used in this act, shall be construed to embrace both the liens for unpaid taxes, penalties, and costs, and the liens for other municipal charges.

(b) Municipal liens shall be first liens and paramount to all prior and subsequent alienations and descents of the property or encumbrances thereon, except subsequent municipal liens.

Section 12. Penalties. The following penalties are hereby prescribed for failure to pay any instalment of taxes when due: 1 per cent of said instalment if paid during the first two months following the due date; 3 per cent if paid during the next three months; 4, 5, 6, 7, 8, 9, and 10 per cent if paid during the sixth, seventh, eighth, ninth, tenth, eleventh, and twelfth months respectively; five-sixths of 1 per cent shall be added on the first of each month if paid thereafter until the property is sold.[12]

ARTICLE V

COLLECTION OF DELINQUENT TAXES BY APPOINTMENT OF RECEIVER OF RENTS AND INCOME

Section 13. Appointment of receiver
14. Appointment of mortgagee as receiver's agent
15. Title and powers of the receiver
16. Termination of receivership
17. Disposition of excess funds collected
18. Other receivers
19. Property excepted

Section 13. Appointment of receiver. At any time after any tax or any instalment thereof heretofore or hereafter levied and assessed against real property in any taxing district or any municipal charges which are a lien on real property shall have been delinquent for more than six months, the collector may,[13] by and with the approval of the governing body of such taxing district and upon five days' notice posted upon such real property, make application by petition to the [here insert proper court], or a justice thereof, in the county where such real property is situated, to be appointed receiver ex officio of the rents and income of such real property for the purpose of satisfying out of such rents and income accrued and to accrue all municipal liens on such real property, together with the penalties thereon and the costs and expenses of the receivership. The order appointing the receiver shall be entered in the office of the clerk of the county where the real property in question is situated. Such receiver shall not be required to give bond other than his official bond as collector, and shall be appointed only for the purpose of satisfying the municipal liens, penalties and costs and expenses as aforesaid.

Section 14. Appointment of mortgagee as receiver's agent. Upon his appointment the receiver, by and with the approval of the governing body of such taxing district, in all cases where the real property in question is encumbered by a first mortgage, may appoint the first mortgagee, if such first mortgagee is deemed by the receiver a proper person and is willing to accept such appointment, as the receiver's agent to collect the rents and income from such real property.[14]

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[11] This provision should be adapted to the existing rule in each particular state. Where the lien now attaches upon assessment or levy no change should be made. To alter the rule would be to upset many security transactions, since, particularly in the case of mortgages, clauses are common stipulating for default in the event of the attachment of other liens.

[12] A variety of penalty rates has been suggested, with two main lines of difference, some preferring the rate to be heavy at first and tapering toward the end, others preferring the arrangement here provided. To facilitate administration, per annum rates have been avoided.

[13] A substantial number of the Committee would prefer this word to be "shall." The majority feels, however, that so to change the nature of the remedy would be to deprive it of a major virtue—flexibility.

Section 15. Title and powers of the receiver. The title of the receiver to the rents and income from such real property shall be the same as that of an assignee thereof, and he shall have all of the powers of such an assignee. He may pay out of the rents and income collected by him from such real property such expenses in connection therewith as may be necessary to keep the same in a tenantable condition. The receiver may act through deputies or agents. The receiver may insure the property against loss by fire or other casualty.

Section 16. Termination of receivership. Such receiver may resign with respect to any parcel of real property at any time by filing in the office of the clerk of the county where the order appointing him is entered a written resignation. Upon the satisfaction of all of the municipal liens, penalties, and costs and expenses with respect to any parcel of real property he shall file in such office a written statement that the receivership has terminated.

Section 17. Disposition of excess funds collected. Upon the resignation of the receiver, or upon the full satisfaction of the municipal liens, penalties, and costs and expenses payable from the rents and income of any parcel of real estate with respect to which he is receiver, the collector shall pay into the [here insert proper court] in the county in which the order appointing him is entered any funds remaining in his hands over and above the municipal liens, penalties, and costs and expenses payable therefrom, subject to payment out of court in accordance with the applicable provisions of law.

Section 18. Other receivers. In all cases where the collector is made receiver of the rents and income of property where some other receiver is already entitled to the rents and income by virtue of appointment in a suit, action, or proceeding at the instance of a private party, it shall be the duty of such other receiver after deducting the expenses of collection to pay over to the collector all of the rents and income thereafter collected in priority to all other charges until the municipal liens, penalties, and other charges and costs and expenses shall be fully satisfied.

Section 19. Property excepted. The remedy of collecting delinquent taxes herein provided for shall not apply to real property occupied by the owner as his residence or to farm property occupied by the owner thereof, provided that no part of an owner's real property from which part he derives rent shall be deemed to be occupied by the owner thereof.

ARTICLE VI

PERSONAL LIABILITY FOR TAXES

Section 20. Personal liability for real property taxes

Section 20. Personal liability for real property taxes. Residents[15] of the state who are owners of real property within the state shall be personally liable for taxes levied against such property, such liability to be enforced by appropriate action as for a debt. The word "taxes" herein shall include, in addition to the principal amount thereof, all penalties and costs of collection.

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[14] There is some opposition to having the first mortgagee appointed as the receiver's agent, but the interest he has in preventing the subordination of his lien appears to justify this provision.

[15] Personal liability for real property taxes has been limited to residents of the state because to attempt to impose such liability upon non-resident taxpayers would probably be unconstitutional. *Dewey* v. *Des Moines,* 173 U. S. 193 (1898); *City of New York* v. *McLean,* 170 N. Y. 374 (1902).

ARTICLE VII

COLLECTION OF DELINQUENT TAXES BY SALE OF REAL PROPERTY

Section 21. Sale of real property for delinquent taxes
22. Consolidation of liens
23. Certain property may be omitted from sale
24. Notice of sale
25. Payment of tax before sale
26. Sale may be continued
27. Sale at auction
28. Purchase by taxing district
29. Mandatory duty to enforce liens
30. Where certificate of sale held by taxing district, property assessed in owner's name
31. Certificate of sale
32. Certificate of sale may be recorded
33. Certificate of sale as evidence

Section 21. Sale of real property for delinquent taxes. On the October first following the end of the fiscal year in which any outstanding municipal lien on real property shall have attached, the collector shall enforce all municipal liens accruing prior to such October first by sale of the property as set forth in the following sections.[16]

Section 22. Consolidation of liens. When any parcel of real property lies wholly or partly within the boundaries of two or more taxing districts, the liens of all taxing districts thereon shall be consolidated and shall be enforced by one of such taxing districts as provided by law. Distribution of the proceeds of the sale of such property, or, if the property is sold to the taxing district, of the amount received in redemption thereof or of the proceeds of private sale of the certificate of sale as provided by section 28, shall be made as otherwise provided by law.[17]

If, in the absence of redemption, the taxing district which purchased the property does not foreclose within two years of the sale or if, after foreclosure, such taxing district continues to hold the property for more than one year, such taxing district shall pay the amounts charged against the property owing to all other taxing districts.

Section 23. Certain property may be omitted from sale.[18] In the discretion of the collector property may be omitted from the sale,[19] the municipal liens on which amount to less than $10 until the third October first following the fiscal year during which such liens become a charge upon the property.

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[16] In a sense, perhaps, it is the lien which is sold. It is desired, however, to use the language of property sales in order to emphasize the fact that another sale is not required on foreclosure. A title subject to being divested by redemption is not an anomaly in the law.

[17] A solution of the problems arising from the existence of overlapping taxing districts can be no more than suggested in a model law of this character. Ideally, the collection of all taxes assessed against the same property should be consolidated. But the details of this consolidation can only be worked out in the light of the existing governmental structure in each particular state.

[18] The model tax collection law is intended for normal, not abnormal, times. Consequently, it does not contemplate as a point of departure a situation where tax sales have not been held for a large number of years. If such is the case, it may be necessary to provide for the omission of property heavily burdened with unenforced municipal liens if those liens are being discharged according to some instalment program involving, for example, the payment of not less than a year and a quarter's taxes annually. Such a measure would, of course, be purely a temporary one and would be inoperative once tax sales were up to date.

[19] The Committee has drafted no separate provision imposing the obligation on the collector to compile a list of delinquent proper-

Section 24. Notice of sale. The collector shall give public notice of the time and place of sale. Such notice shall be published once in the first and once in the last of the four calendar weeks preceding the calendar week containing the day appointed for the sale in a newspaper of general circulation in the taxing district and which has circulated generally in the taxing district for at least one year prior to the date of such publication. It shall also be posted in five conspicuous public places at least four weeks before the day appointed for the sale. The notice shall contain a description of the real property to be sold as it appears upon the duplicate,[20] the owner's name if known, and the amount due with penalties and costs.[21] If the owner's name and address are known, the collector shall mail him a copy of the notice prepaid. Failure to mail such notice shall not invalidate any proceeding hereunder.

Section 25. Payment of tax before sale. At any time before sale the collector shall receive payment of the amount due on any property together with penalties and costs to the time of payment.

Section 26. Sale may be continued. The sale shall be held on the day and at the place stated in the notice, but if the sale cannot be completed on such date the collector shall continue[22] the same from day to day until all property is sold. The sale shall begin on each day at 10 a. m. and shall continue until 4 p. m. unless sooner completed.

Section 27. Sale at auction. Sale shall be at public auction for the amount of the municipal liens to the person who will purchase the property subject to redemption at the lowest rate of interest,[23] not in excess of 12 per cent per annum. The purchaser shall be entitled to a semiannual payment of the interest stipulated at the sale and to prompt payment when due of all subsequent taxes and other municipal charges which by law may become a lien upon the property. The failure of the owner to comply with these requirements shall give rise to an immediate right in the purchaser to foreclose the right of redemption.

Section 28. Purchase by taxing district. The officer making the sale shall

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ties. There appears to be no reason why the record standing on the collector's books plus the requirements of Section 24 should not be sufficient for the purposes of this Act. A different problem might be presented if the collector were required to certify such a list to some other officer, but, where a single officer is in control of all steps in collection procedure, such matters as the compilation of delinquent lists pertain to office routine and may be safely left to that officer's discretion.

[20] The suggestion has been made that the description be by block and lot number or by lot and sublot, but the consensus of opinion is that no single method of description can be devised which will be equally feasible for both the large and the small community. The Committee can do no more than provide that whatever method of description be chosen, it be uniform throughout all proceedings.

[21] Some difference of opinion exists as to the necessity for such an elaborate notice of sale. Perhaps the actual publication might be confined to a notice of the time and place of sale and a designation of some convenient place where the delinquent list might be examined by parties interested. In view of traditional methods, however, some hesitancy is felt about relaxing to too great an extent the requirements of Section 24.

[22] The language of continuance rather than of adjournment is used to emphasize the fact that the section does not provide for postponement. Every effort should be made to avoid even the possibility of perpetuating the unfortunate practices of the past.

[23] One member of the committee would prefer the sale to be on the basis of the highest amount bid for the property, in view of the fact that no provision is made for a second sale upon foreclosure. It is felt, however, that the right to redeem will adequately protect the delinquent owner and that as a practical matter under any other method of sale the property would be unlikely to bring more than under the method here provided.

strike off and sell to the taxing district for redemption at 10 per cent per annum any parcel of real property for which there shall be no other purchaser. The taxing district shall have the same remedies and rights with respect to such property as other purchasers, including the right to foreclose the right of redemption. The governing body thereafter may authorize a private sale of the certificate of sale therefor for not less than the amount stated in the certificate of sale and the municipal liens subsequently charged against the property.[24]

Section 29. Mandatory duty to enforce liens. All municipal liens shall be enforced by sale, unless excepted pursuant to the provisions of section 23 of this act, on the date fixed in section 21, but the failure of the collector so to enforce a municipal lien shall not impair the lien, or prevent a sale or any other proceedings for its enforcement after the time therein specified. Upon failure of the collector to proceed to enforce any municipal lien within three months of the time limited above or to conduct the sale in the manner provided by law, his office shall immediately become vacant and the state tax commissioner shall in his stead and at the expense of the taxing district forthwith enforce such municipal lien by a sale of the property in the manner provided by law.[25] The state tax commissioner shall, for all purposes for which other provision has not been made by law, including but not limited to the conduct of the sale, be deemed to be the acting collector of such district. The chief financial officer of the taxing district shall within thirty days appoint a suitable person who can give the required bond to fill the vacancy in the office of collector of taxes thus created for the balance of the unexpired term. Upon his failure so to do the state tax commissioner shall make such appointment.

Section 30. Where certificate of sale held by taxing district, property assessed in owner's name. If the certificate of sale is held by the taxing district all subsequent taxes and other municipal charges shall be assessed against the property in the name of the owner as though there had been no sale, until the right of redemption is barred. All taxes and other municipal charges accruing against the property subsequent to those for which the property was sold, together with penalties and costs, shall be additional liens on the property which must be paid before redemption. There shall be no further sale of such property unless directed by resolution of the governing body.

Section 31. Certificate of sale. The collector immediately after the conclusion of the sale shall deliver to the purchaser a certificate of sale under his hand and seal, acknowledged by him as a conveyance of land, which shall set forth that the property therein described was sold by him to the purchaser, the date of sale, the amount for which the property was sold, the description of the property, the name of the owner if known, the rate of redemption, the date to which liens are included, and the time when the right to redeem will expire. No other statements need be included in the certificate.

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[24] Several members of the Committee have suggested that some provision should be made for private sale for less than the amount here specified. The possibilities of favoritism would, however, be great. It is submitted that any disposition on such terms might well be postponed until after the right of redemption has been foreclosed and the property is irrevocably the property of the taxing district.

[25] In order to give life to this provision the laws creating the office of state tax commissioner should empower him to require reports from local collectors as to the conduct of their offices and should provide him with a sufficient staff and adequate facilities for the performance of his functions under this act. It would not be amiss to provide also for general supervisory powers relative to the employment of modern bookkeeping and accounting methods by local collecting officers.

Section 32. Certificate of sale may be recorded. The purchaser may record the certificate of sale as a mortgage in the office of the clerk or register of deeds of the county in which the property is situated. When the certificate is not made to the taxing district, it shall, unless so recorded within three months of the date of sale, be void as against a bona fide purchaser, lessee, or mortgagee whose deed, lease, or mortgage is recorded before the recording of the certificate.

Section 33. Certificate of sale as evidence. The certificate of sale shall be presumptive evidence in all courts in all proceedings by and against the purchaser, his representatives, heirs, and assigns, of the truth of the statements therein, of the title of the purchaser to the property therein described, and the regularity and validity of all proceedings had in reference to the taxes and other municipal charges for the nonpayment of which the property was sold and to the sale thereof. After two years from the recording of the certificate of sale, no evidence shall be admitted in any court to rebut such presumption, unless the holder thereof shall have procured the certificate of sale by fraud, or had previous knowledge that it was fraudulently made or procured.

ARTICLE VIII

REDEMPTION

Section 34. Right of redemption
35. Amount required to redeem
36. Redemption in instalments if certificate is held by taxing district
37. Amount required if certificate is not held by taxing district
38. Holder of certificate of sale entitled to expenses.

Section 34. Right of redemption. The owner, mortgagee, occupant, or other person having an interest in property sold for municipal liens may redeem it at any time within one year[26] from the date of sale, or at any time thereafter until the right to redeem has been foreclosed[27] in one of the manners provided by law, by paying to the collector for the use of the purchaser, his heirs or assigns, the amount required for redemption.

Section 35. Amount required to redeem. The amount required for redemption shall be the amount stated in the certificate of sale with interest from the date of sale to the date of redemption at the rate of redemption for which the property was sold, the expenses incurred by the purchaser as provided in section 38, and subsequent municipal liens as provided in sections 30 and 37.

Section 36. Redemption in instalments if certificate is held by taxing district. If the certificate of sale is held by the taxing district, the collector may, with the approval of the governing body of the taxing district, enter into an agreement for the redemption of the property in substantially equal instalments, in amounts at least sufficient to redeem the property within five years. After the payment of the first instalment, the taxing district shall not assign the certificate of sale or take any action to cut off or foreclose the right of redemption so long as the instalments shall be paid when due and no default shall exist in the payment of taxes and other municipal charges accruing subsequent to the date of the execution of the agreement.

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[26] One year may seem too short a period to allow for redemption. It is submitted, however, that, when viewed in the light of the length of time elapsing between delinquency and sale, the period is adequate.

[27] Some states at present provide for an administrative foreclosure of the right to redeem or for some other method less formal than court proceedings. It has been found, however, that titles so acquired do not inspire confidence and it has been thought useless to burden the Model Law with provisions seldom used and upon which title companies will refuse to rely.

Section 37. Amount required if certificate is not held by the taxing district. If the certificate of sale is not held by the taxing district, the amount required for redemption shall include the amount of taxes and other municipal charges accruing against the property subsequent to those for which the property was sold and costs, actually paid by the holder of the certificate of sale or his predecessors in interest, provided the holder of such certificate of sale shall have made and filed with the collector an affidavit showing the amount of such payments, together with an amount equivalent to the penalties which would have accrued to the taxing district on such subsequent taxes and other municipal charges from the date when such taxes and other municipal charges became or would have become delinquent to the date of redemption.

Section 38. Holder of certificate of sale entitled to expenses. In addition to the fees actually paid for recording the certificate of sale and his actual expenses in connection with such advertising in a newspaper as may be required by law, the holder of the certificate of sale shall be entitled upon redemption to be reimbursed for such sums not in excess of $12.00 as he may actually have paid for other recording fees, fees for service of notices necessarily and actually served, and fees for expenses in connection with ascertaining the persons interested in the property sold, provided the holder of the tax certificate shall file with the collector an affidavit showing the amount of such fees or expenses.

ARTICLE IX

FORCLOSURE BY PROCEEDINGS *IN PERSONAM*

Section 39. Action to foreclose right of redemption
40. Foreclosure against several parcels in one proceeding
41. Jurisdiction of court
42. Unknown owners
43. Payment of subsequent liens required

Section 39. Action to foreclose right of redemption. The holder of any certificate of sale, his heirs or assigns, in addition to other remedies provided by law, may at any time after the expiration of one year from the date of sale, whether notice to redeem has been given or not, or upon default in the payment of interest or taxes or other municipal charges which may become a lien upon the property accruing subsequent to the sale, bring an action to foreclose the right of redemption. The right to redeem shall nevertheless continue until barred by the court.

Section 40. Foreclosure against several parcels in one proceeding. Any single holder of certificates of sale with respect to several parcels of real property in the same taxing district, regardless of ownership, may foreclose the right of redemption relative to any number of such parcels in a single proceeding.

Section 41. Jurisdiction of court. The court before which the action is brought shall have the same jurisdiction as in the case of mortgage foreclosures and its final judgment shall give the holder of the certificate of sale title in fee simple, barring all encumbrances except municipal liens accruing subsequent to those for which the property was sold. No application shall be entertained to reopen the judgment after three (3) months from its date except on the ground of lack of jurisdiction or fraud in the conduct of the action. If the judgment is set aside on the ground of lack of jurisdiction, the amount required to redeem shall be the amount required by the provisions of Article VIII of this act and in addition thereto the reasonable value at the date the judgment is set aside of all improvements made on the property by the purchaser thereof and his successors in interest minus any net income derived from the use of the property. In arriving at such net income, the value of the improvements shall not be deducted from the gross income except to the extent of the excess of the original cost over the value at the date the judgment is set aside.

Section 42. Unknown owners. In the event the owner or owners or any of them are unknown after such inquiry as may be prescribed by the court, the action shall proceed as though they were known, the unknown owners being made parties to the proceedings by the designation "unknown owner, his heirs, devisees and personal representatives, and their or any of their heirs, devisees, executors, administrators, grantees, assigns or successors in right, title or interest."

Section 43. Payment of subsequent liens required. Except in proceedings where the taxing district is plaintiff, no judgment shall be granted foreclosing the right of redemption unless all municipal liens on the property accruing subsequent to those for which the property was sold shall have been discharged.

ARTICLE X

FORECLOSURE BY PROCEEDINGS *IN REM*

Section 44. Alternative procedure *in rem*
45. Combination of causes of action
46. Order for service of summons by publication: contents
47. Time of publication: when service complete
48. Papers to be filed on service by publication
49. Proof of service of summons
50. Service on infants, incompetents, and non-residents
51. Notice of pendency of action
52. Procedure

Section 44. Alternative procedure in rem. In addition and as an alternative to foreclosure by proceedings *in personam* the holder of any certificate of sale may proceed *in rem* to foreclose the right of redemption[28] by describing the defendants (in lieu of naming them) in the summons and other papers in the action substantially as follows: "The persons having or claiming to have an interest in the parcel or parcels of real property described in the notice annexed to the summons herein and numbered ——— [proper number or numbers being inserted here]," provided that said summons have annexed to it a notice subscribed by the plaintiff's attorney substantially in the following form, the blanks being properly filled, containing an accurate and intelligible description of the real property:

TO THE DEFENDANTS ABOVE DESCRIBED:

> The foregoing summons is served upon you by publication pursuant to an order of ——— [giving the judge and his official title], dated the —— day of ————, 19—, and filed with the complaint in the office of the Clerk of ———— at ————. This action is brought against the real property only and is to foreclose the lien of the own-

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[28] There can be no constitutional objections to foreclosure by this method. See *Leigh* v. *Green,* 193 U. S. 79 (1904).

er of a certificate or certificates of sale of real property sold for taxes and other municipal charges. No personal judgment will be entered herein for such taxes and other municipal charges, or any part thereof. This summons is directed to the persons having or claiming to have an interest in said real property, which is bounded and described as follows:

Parcel No. 1 [Here insert description]
Parcel No. 2 [Here insert description]
Parcel No. 3 etc.

Section 45. Combination of causes of action. In any such action where the plaintiff elects to proceed *in rem* he may combine in one action as many causes of action as he desires whether the liens to which they relate affect the same or different parcels, so long as all of the parcels affected lie within the same taxing district.

Section 46. Order for service of summons by publication: contents. In any such action where the plaintiff elects to proceed *in rem* the plaintiff shall be entitled to an order for the service of the summons by publication. Said order must direct that such service be made by publication thereof in two newspapers in the English language designated in the order as most likely to give notice to the defendant or defendants to be served, for a specified time, not less than once in each of six successive weeks.[29] It must also contain a direction that on or before the day of the first publication the plaintiff post upon each parcel of real property to be affected by the action a copy of the summons and notice, provided that the descriptions of any parcels of real property other than the one upon which the summons is posted may be omitted from the notice annexed to the copy of the summons posted upon such parcel.

Section 47. Time of publication: when service complete. In any such action where the plaintiff elects to proceed *in rem* the first publication of a summons in each newspaper designated in the order therefor must be made within three (3) months after the order is granted. For the purpose of reckoning the time within which the defendant must appear or answer, service by publication is complete on the forty-second day after the day of the first publication.

Section 48. Papers to be filed on service by publication. In any such action where the plaintiff elects to proceed *in rem* the summons, complaint and order and the papers on which the order was made must be filed with the clerk on or before the day of the first publication.

Section 49. Proof of service of summons. In any such action where the plaintiff elects to proceed *in rem* proof of service of the summons and notice shall be made as follows:

1. Proof of publication of a summons and notice must be made by the affidavit of the printer or publisher or his foreman or principal clerk.
2. Proof of posting of a copy of the summons and notice upon each parcel of real property to be affected must be made by the affidavit of the person who posted them.

Section 50. Service on infants, incompetents, and non-residents. In any such action where the plaintiff elects to proceed *in rem* service by publication as hereinabove provided shall be valid and effective with respect to all defendants even though one or more of them may be infants, incompetents, or nonresidents.

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[29] There has been a suggestion that this period be shortened. The procedure should not be made so summary, however, that it is open to the charge that it denies due process. *Roller* v. *Holly*, 176 U. S. 398 (1899). Six weeks appears to be a sufficiently common provision relative to the service of summons by publication to warrant its use in this connection, though the proceedings are *in rem* and jurisdiction *in personam* is not essential. The courts insist that a reasonable opportunity be given to defend.

Section 51. Notice of pendency of action. Upon the commencement of proceedings as herein provided, the plaintiff shall file in the office of the clerk or register of deeds of the county in which such real property is situate a notice of the pendency of the action, together with a brief description of the property.

Section 52. Procedure. The provisions of Article IX so far as applicable shall apply to any such action where the plaintiff elects to proceed *in rem* except as in this article otherwise provided.

ARTICLE XI

SEVERABILITY OF PROVISIONS

Section 53. Severability of provisions.

Section 53. Severability of provisions. If any provision of this act, or the applicability thereof to any person or circumstances, is held invalid, the remainder of this act and the applicability thereof and of such provision to other persons or circumstances shall not be affected thereby.

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LEWIS P. MANSFIELD

Bonded Debt of 274 Cities

C. E. RIGHTOR

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GENEVA B. SEYBOLD

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THE LEAGUE'S BUSINESS

"Taxation for Prosperity", New Radio Series.—YOU AND YOUR GOVERNMENT continues through the summer, with a series of radio programs entitled "Taxation for Prosperity", for fifteen weeks, beginning June 18 through September 24.

These programs, as previously, may be heard over an NBC-WEAF nation-wide network every Tuesday from 7:45 to 8:00 P. M., eastern daylight saving time. They are sponsored by the National Municipal League in coöperation with the Committee on Civic Education by Radio of the National Advisory Council on Radio in Education and the American Political Science Association.

The speakers will include Frank A. Vanderlip, former Assistant Secretary of the Treasury; Edwin E. Witte, Executive Director, Committee on Economic Security; Joseph D. McGoldrick, former Comptroller of New York City; Frank Kent, Vice-President of the Baltimore *Sun;* and William Hard, Publicist. Dr. Thomas H. Reed, Chairman of the Committee on Civic Education by Radio, will continue his brief introductions of each program and the speakers. Schedule for the first five programs follows:

June 18—"Just Taxes." Frank A. Vanderlip, former Assistant Secretary of the Treasury and former President, National City Bank of New York.

June 25—"Paying For Social Security." Edwin E. Witte, Executive Director, Committee on Economic Security.

July 2— "The Tariff and Business Recovery." Francis Bowes Sayre, Assistant Secretary of State.

July 9—"How Much Should the Drinker Pay?" C. H. Morrissett, State Tax Commissioner of Virginia.

July 16—"Missing the Intangibles." William Bennett Munro, California Institute of Technology; former President, American Political Science Association.

* * *

Letter to the Editor:—

Re: Discussion, p. 138-139, NATIONAL MUNICIPAL REVIEW, March 1935.

The Wisconsin Taxpayers Alliance is a research governmental organization. We have a staff of twelve college-trained men and women who spend all their time studying problems of Wisconsin state and local government.

Several of our employees always tune in to the weekly radio talks, You and Your Government.

We listened with interest to Mr. Hard's talk on January 22. After he finished, the person next to me said, "That was a good talk, but he left us up in the air in regard to what he thought about the program for cities to eliminate the matter of interest on certain types of municipal debt." Others said that was what Mr. Hard intended to do—to let us think about the matter and make our own decisions.

No one of us got the impression that Mr. Hard indicated whether he thought the proposal was a crazy one or a very ingenious method of public finance.

Yours very truly,
(Sgd.) Paul N. Reynolds,
Executive Director, Wisconsin Taxpayers Alliance

April 23, 1935

* * *

Judges Named for Baldwin Prize Essays.—As this issue was going to press, the largest number of essays to be submitted for the Baldwin Prize in many years had been received. President Harold W. Dodds announced the appointment of the following judges for the contest: Rinehart J. Swenson, head of the government department of New York University; Professor Edgar Dawson of Hunter College; and Howard P. Jones, secretary of the National Municipal League.

HOWARD P. JONES, *Secretary*

Editorial
Comment
❖
June

NATIONAL
MUNICIPAL REVIEW

Vol. XXIV, No. 6 Total No. 228

Portrait of Eight Billion Dollars

STUDENTS of government and others who have occasion to examine the budget of the United States government for the fiscal year ending June 30, 1936, will find gratifying improvements in this interesting document which make it really intelligible to the layman despite the tremendous size of the operations.

First, the general budget summary presents a clear picture in toto of (1) receipts, (2) expenditures, (3) the deficit, and (4) the means of financing the deficit for the three years, 1934, 1935, and 1936. Supporting schedules supplying detail follow.

Second, the document this year gives an intelligent summary of moneys appropriated, allocated, and expended for recovery and relief—the single most important expenditure of the federal government in these times.

Third, the analysis of estimated revenues is far more satisfactory in its detail than formerly.

In a nutshell, the citizen of the United States who is sufficiently interested in his government, now that it is spending upwards of eight billion dollars a year, to wish to find out how the government intends to raise all that money and what it will be spent for after it's raised, can obtain the information he seeks.

As governments grow in size, one of the real problems is to provide the average citizen with means of scrutiny for large scale operations far beyond his normal comprehension. In the new budget document of the national government may be seen the fine Italian hand of an expert at intelligent interpretation of financial operations. Credit for the new presentation indeed must go to A. E. Buck, long identified with the work of the National Municipal League and the Institute of Public Administration, a member of the advisory board of the NATIONAL MUNICIPAL REVIEW and unquestionably the outstanding expert on budget procedure in this country. His most recent book, "The Budget in Governments of Today," reviewed in this issue by Joseph D. McGoldrick, former comptroller of New York City, makes another great contribution. As assistant budget director for the national government, in which post he was succeeded this month by John N. Edy, former city manager of Dallas, and also prominent as an officer of the National Municipal League, he designed the new financial portrait of the national government.

Whatever we may think about the *amount* of the national budget this year, there can only be gratification at the intelligent job that has been done in the presentation of the facts.

Victory in Toledo

For the second time within a year, the voters of Toledo on May 28, by an overwhelming majority (27,624 to 18,338) approved the city manager plan with proportional representation. Toledo originally voted for the manager plan last November but the city hall crowd forced through the city council an ordinance for a special election to repeal the charter that had just been adopted. It is gratifying to see that Toledo citizens interested in better government refused to have the wool pulled over their eyes or to become discouraged but turned out to beat the "gang" twice in succession.

Those in other cities interested in improving their government would do well to examine Toledo. In few cities would the odds have been heavier against the success of a reform movement. Had citizens of Toledo been satisfied simply to put on the ballot a proposition for the city manager plan and calmly let the voters decide, the election never would have been won. For the voters would not have decided—the machine would have turned out its controlled vote and Mr. Average Citizen would have stayed at home. Toledo citizens instead organized and organized just as thoroughly as the political gang, with a complete ward-precinct organization; they rolled up their sleeves and worked just as hard for good government as the old crowd has been working for bad government, or indifferent government, or whatever Toledo had. And so they won.

Trenton, which adopted the manager plan last month, went through a similar experience which is related in detail elsewhere in this issue. Toledo and Cincinnati and Trenton and hundreds of other cities can testify that a group of everyday, good, run-of-the mine citizens can get good government if they will go after it. It is inevitable that they will meet the bitter opposition of

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William Dudley Foulke

It is with deepest regret that the Review announces the death of William Dudley Foulke, former president and charter member of the National Municipal League, and one of the great leaders in the long fight for civil service reform. Mr. Foulke died at his home in Richmond, Indiana, on May 30, at the age of 86. His widow and three daughters, Mrs. John Urie, West Roxbury, Mass.; Mrs. James W. Morrison, Groton, Conn.; and Mrs. Dudley Cates, New York City, survive him. Mr. Foulke was president of the National Municipal League from 1910 to 1915 and of the National Civil Service Reform League in 1923 and 1924. President Theodore Roosevelt appointed him a member of the United States Civil Service Commission in 1901. His was a long and vigorous career devoted to public service from the time he served as an active member of the Young Men's Mutual Reform Association, which played an important role in the overthrow of the Tweed ring in New York City, to the day of his death. He was also well known as an author, his famous book, "Fighting the Spoilsmen," being only one of a number of books on a wide range of subjects. In his passing the National Municipal League has lost a close friend and the nation one who has been through the years a great public servant.

H. P. J.

State Control of Municipal Finance

A means of strengthening the structure of the state and its municipal children

LEWIS P. MANSFIELD

Supervisor, Bond Department, Prudential Insurance Company of America

In his excellent book, "Municipal Government in the United States", Thomas H. Reed holds that to govern a whole country exclusively from a single center is impossible. Nowhere, he says, even in small states, is it attempted. To do so would mean, quoting the French political writer DeLamennais, "apoplexy at the center and paralysis at the extremities." This is true without doubt, but is it not also true that a weak state government in the midst of strong municipal governments would cause nervous prostration?

State control of municipal finance is a subject which is rooted deep in the soil of political science and American democracy. Its meaning is entirely a matter of interpretation. The word control savors a little of bureaucracy. We don't want that. We must preserve to our cities and towns as much self-government and home rule in their affairs as is consistent with good government; yet at the same time we recognize that the cities and towns have many duties and functions which they perform on behalf of the state. State control or supervision should be the complement of local government, not the antithesis to it. Municipalities are really children of the state and derive their corporate existence and powers therefrom; the state is a sovereign body, an essential unit in the framework of the American commonwealth. There can be no inherent conflict between a state and its municipal creatures because the constitution has left to the states the disposal of the municipalities—their regulation and even their very existence.

There are in the United States about 175,000 separate local units of government, including about 3,053 counties, which are really branches of state government, 16,000 incorporated places, 20,000 towns and townships, 127,000 school districts, and 8,500 other units. The map of the United States is thus plastered with governments many of which overlap one another. This complicated organism is democracy broken into a rash and is the inheritance of early days in American life when ten miles was ten miles. But space and time have been literally annihilated in the last one hundred years and there is no need today for more than a fraction of these little governments, the majority of which are weak and inefficient and uneconomic. It has been estimated by authorities that one-tenth of the number of existing local governments would serve our needs far better and less expensively than at present.

This, however, is not a discourse on consolidation and regrouping of municipalities, but I mention the topic to indicate how vital is the state government in performing such things which if left to the individual communities would be almost impossible of accomplishment.

It is so in the realm of municipal finance. All municipalities require state supervision, to a greater or lesser degree. Their fortunes and those of the state in general are so closely woven together that complete financial autonomy is impossible. What is sought is a balance of power and action. No one wants an iron mold of state laws into which all local government finances should be forced, but rational codes of law preserving to the municipalities real freedom of action in accordance with their size, importance and proper needs, and setting a standard of fiscal procedure. There should be an incentive to cities and towns to better this standard, and there should always be responsibility placed on the officials of these local units for the results. More specifically, there should be, and the trend is in that direction, a strong state body free of political interference, to supervise, assist and, if necessary, compel the observance of proper financial practice in all local units.

The handling of money, either as revenue or expenditure, is after all the most vital function of any municipality. It is not in the field of law-making that a city government attains its real importance but as an administrative body managing through its various departments the business of the city and acting as agent for the state. The appropriation of money, the collection of taxes, the purchasing of supplies, the spending of money and the accounting and auditing of receipts and expenditures, the authorization and issuance of bonds and notes, all that goes under the name of fiscal is by far the most important duty of a municipal government and of the greatest concern to the taxpayers. The nerve to the pocketbook is a sensitive one and yet it has only been in the last twenty years that the need of expert management in the financial affairs of cities has begun to impress itself on voters in general. The introduction of the first city manager in the United States at Sumter, South Carolina, in 1912, followed by a home rule charter calling for a city manager in Dayton, Ohio, in 1913, signalized the beginning of modern efficiency in municipal government in this country. The piling up of city, school district, county, and state taxes into a nice little heap—such as $30 to $50 in the $1,000 of assessed valuation—100 per cent of actual value or higher, has at last gotten under the skin of our traditionally indifferent Mr. Taxpayer.

ALL UNITS MUST COOPERATE

No municipality can live unto itself financially be it ever so pure in its local government, especially in this age of state and federal centralization of functions for unemployment relief, education, highways, police, health, utility regulation, taxation, and others. To the eyes of the typical American citizen of fifty years ago, the state capital looked pretty far away, and Washington, D.C., was a mystic city where Speaker Tom Reed took charge of the House of Representatives. Now the small town man can drive his car to the state capital before lunch, and Washington is where Mayor Jones went yesterday to get a loan and grant so the old town could put up a new school house. This same worthy citizen is beginning to realize that he needs not only a good town council, but a pretty good state legislature, and something like a good government in Washington. He must feel, if he has average American horse-sense, that a great change has taken place in governmental waters in the last few years, and that he and his kind, men who have property as well as ideals to maintain, have got to do more than vote an ordinance for a new town pump once in a while. In self-defense, if nothing more, the taxpayer has got to take on bigger problems—and most of these are financial.

The credit of a state and of all municipalities within a state act and react upon each other. This, of course, does not imply that, like water, all credits will seek the same level, but that they will exert a strong influence in that direction. It is very noticeable that the municipalities in a state usually take their credit color from the state itself. There are frequent exceptions to this but as a rule that state which enjoys good credit usually has endowed its municipalities with good laws affecting their credit—such as acts relating to debt limitation, taxes, tax collection, budget practice and fiscal control. Indeed the credit of a state may almost be defined as the aggregate credit of its component parts. And if a state's credit is high it usually follows that by example and influence the credit of its counties and municipalities is high.

It is therefore important that citizens of any state realize that their financial welfare demands a widening of horizons for their own good. State governments belong to us and should be nourished by the best talent in the electorate. They have not been. Only in this way can local communities be assured of good stewardship in their public affairs.

We can talk till the cows come home about state control of municipal finances, or municipal control of state finances, or remote federal control of both, or any other sort of control, but no government in a democracy will be wholly effective unless it recruits the right personnel. This can only be secured by a thorough-going and permanent civil service containing the merit system. It is a fundamental weakness in the American style of government that we still tolerate political patronage in such large measure. Model state laws for local financial control will not count for much if the administration of those laws is in the wrong hands.

Moreover, it is incumbent on citizens to strengthen the hands of their state in order that its position in dealings with the federal government may not suffer. The depression has brought about a new relationship between the federal government and municipalities (witness the P.W.A. and F.E.R.A.) and whether the permanent results will be good or bad, it is desirable that state government have the allegiance of its municipal creatures in meeting the pressing problems which have been raised by the entrance upon the scene of the federal government in the role of banker, counsellor and friend to the American municipality. In this connection it is significant to note the increasing use, on a scale not hitherto known, of loans to municipalities secured by so-called self-liquidating bonds. This form of financing was employed in 1932 by the R. F. C. which required loans that would "pay out," and although the P.W.A. was not limited by law to such revenue loans, but could extend credit on the general obligation bonds of municipalities, it soon developed in 1933 and 1934 that many cities, counties and towns were indebted beyond their legal limit and hence could not take P.W.A. loans. This obstacle has been met in some states by legislation permitting municipalities to issue revenue bonds, outside of the debt limit, for which no taxes may be levied and which are not to be considered as constituting legal obligations of the municipality. These bonds are for purposes such as water, electric power, gas, sewers, bridges, highways, airports, docks or other ventures in which the

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"Gyp" Vendor & Co.

An account of the battle waged during New York City's first year of centralized purchasing

GENEVA B. SEYBOLD

Assistant Director, Citizens' Councils for Constructive Economy

One of the most dramatic stories of public service in America lies hidden within the gray covers of a mimeographed, dull-appearing document, entitled "Report on the Work of the Department of Purchase of the City of New York for the Calendar Year 1934". The number of persons who will read the report from cover to cover could probably be checked off on the fingers of both hands, yet it contains a saga of heroic struggle against odds, compelling in its intensity, rivalled in significance by few jobs of governmental reorganization that have taken place in the last few years. For in the single, matter-of-fact, dry-as-dust word "purchasing" are buried deep roots of political chicanery.

New York City under Tammany was spending about two million dollars a day. The total is somewhat less under Fusion administration but the figure gives some idea of the tremendous job involved in running the largest city in America. Of this amount, approximately $485,000 a day goes for debt service, approximately $712,000 for salaries and wages, and a large share of the balance for supplies, materials and equipment. Formerly, all buying of the latter was done by individual officials and agencies. If you were an official of New York City you bought what you wanted when you wanted it, whether it was spark plugs or floor mops, coal or castor oil, rivets or rubber goods. As a part of the economy program the 1933 legislature passed a bill to establish the office of purchasing commissioner for New York City and centralize buying. The report mentioned above is the first annual report of Commissioner of Purchase Russell Forbes, former secretary of the National Municipal League.

The struggle began immediately when departmental purchasing officials, deprived of their former powers and resentful, hurled bricks in the new machinery by submitting piles of "emergency" requisitions for small quantities of articles so as to defeat the objective of bulk-buying. Vendors who had formerly had the field to themselves endeavored to keep out new competitors by under-bidding them and then attempting to deliver inferior goods. Or, other tactics were to delay deliveries, holding up city services—anything to reflect to the ill credit of the department of purchase and hasten the happy day when again a fellow with the right connections might be assured of the contract and give a free interpretation to specifications.

"Gyp" vendors were even worse—their numbers (in the hundreds) made them more than a pest—in fact, Commissioner Forbes after a year of battle designates their elimination "a basic problem of purchasing". "Gyp" vendors, according to the Commissioner, maintain their "offices in their hats" and have been organized for the sole purpose of selling the city. "They usually do business," he explains, "under a misleading name indicating a huge organization with vast resources. In reality they have no stocks on hand . . . their only stock in trade consists of the political connections which they have built up in years past throughout the using departments of the city.

"Some such firms submit bids on anything the city buys from powdered milk to anvils to grass seed. If they secure an order, they then shop around to find a source of supply. To make a profit, they attempt to 'short-weight' the city in delivery or to deliver inferior quality."

If a laboratory test is required to determine compliance with the specifications, and the report is unfavorable, the delivery is rejected and a replacement ordered. Perhaps the second laboratory report will also be unfavorable, in which case another replacement is ordered. But all this takes time—the stock on hand may have become exhausted and the city department concerned may be compelled to use the delivery or suspend operations. The city's only recourse then is to accept the delivery of unsatisfactory merchandise with a small price deduction for noncompliance with specifications. The "gyp" vendor is quite satisfied for he has made a larger profit than one of the legitimate bidders would have made by delivering material filling the city's specifications. A far greater loss is sustained by the city through acceptance of inferior merchandise. Poor equipment breaks down quickly, poor materials soon need replacement.

In awarding an open market order (an expenditure less than $1,000 in amount) the city charter permits the award to "the lowest *responsible* bidder"—a clause which has spoiled business for the "gyp" in the range of small orders. But he is not dismayed—he still has access to the cream. The charter requires that in the case of contracts (expenditures over $1,000 in amount) the award must be given to the "lowest bidder". Not a week goes by, says Commissioner Forbes, but that an irresponsible concern that would not be given a small order, walks off with a big one simply because its bid is lowest. This must be stopped—the Commissioner and his department give warning that they will not be satisfied until every "gyp" vendor is excluded from city business.

Another racket was uncovered in connection with the rental of equipment for work relief projects, a task which was turned over to the department of purchase in June of last year. Before then the vast expenditures for equipment used on CWA projects had been handled separately by the operating departments and in most cases, according to Commissioner Forbes, had been based on political considerations. Again let him tell of the difficulties with which the department was confronted.

"A few powerful politicians had acted as 'brokers' and although owning very little equipment, had exacted tribute from the owners by securing a daily profit through their ability to secure the orders. The stiffest possible opposition was encountered from the operating departments and the most ingenious methods were devised to frustrate the department of purchase in its attempts to make rental awards on the basis of competitive bids as required by TERA regulations. At the beginning of each month, when rental awards were made, the operating departments habitually rejected the equipment of owners whom they disapproved, demanded new awards, and repeated the performance until their favorite vendors were reached in the assignments. More equipment was requisitioned than was needed. This presented the opportunity to choose the equipment belonging to favorite vendors and to deny work to those whom they disapproved. On the other hand, unscrupulous vendors submitted bids on equipment which they did not own. When given assignments, they could not qualify for insurance as owners and new assignments had to be made, thus delaying the projects in many cases."

In the fall the department was given a corps of inspectors to inspect the equipment as to ownership and suitability for work before assignments were made, investigate complaints before reassignments were made and disqualify bidders who submitted bids on the same equipment under more than one name. By the end of the year the equipment rental racket was well in hand and "threats, proffered bribes, propaganda of vendors, the political interference of vendors' friends, manipulations and conniving of project engineers had almost disappeared."

A large amount of routine procedure naturally would be expected in a purchasing job so vast as that in New York City, but the buying for emergency relief projects has augmented this to a point almost unbelievable. Federal, state, and city funds are all involved and each has its accounting requirement—three layers of "red tape." Frequently the supervisor of a project telephones the department of purchase, impatient regarding the delivery of material he is expecting, only to learn that the requisition has not even reached the department, but is wandering about somewhere in mazes of negotiation and correspondence. The Commissioner, quoting "too many cooks", yearns for a system less complicated and more workable.

Collusion among bidders and restricted competition were foes frequently encountered by the department. Take, for instance, the matter of fuel oil which is purchased in huge quantities for ferries and for heating buildings. The price for fuel oil for New York City was fixed and published by the Petroleum Administration Board and the published price was the maximum to be paid by any large buyer. Yet the bidders for city contracts stuck together in asking the city to pay 20 cents per barrel extra. To combat this, the city rejected all bids and purchased fuel oil in small quantities in the open market at the published price by inducing new bidders to compete. When the bidders saw that the city meant business, contracts were arranged at less than the maximum price, resulting in savings for 1934 that amounted to $50,000.

Distribution of a city's printing jobs, under the patronage system, is a well recognized way of bestowing favors. For the first time in its history New York City secured competition, in 1934, for the job of printing the city budget. Seven printers competed. The firm that had previously done the work submitted the lowest bid and got the job but at a saving to the city of $27,543. A saving of $75,000 was similarly obtained in printing the City Record and its supplements.

Adoption of new standard specifications for fresh fruits and vegetables was followed by wider competition for contracts and prices dropped on an average of 30 per cent despite rising prices on the market.

Constant vigilance had to be maintained to guard against "closed specifications"—those worded so as to limit competition to a single concern. Members of using departments favoring certain articles often forwarded specifications with their requisitions, which they hoped and planned would obtain for them the particular brands wanted. One day a complaining salesman called on the department of purchase. Something surely must have gone wrong, he thought, since his concern had not been awarded the order. He, himself, he explained, had drawn up the specifications for the city department which sent in the requisition and only his company was supposed to compete by submitting bids through several agents!

It was against such opposing forces that the department had to struggle toward its goal of putting all city purchasing on a nonpartisan basis, carried on in accordance with legal requirements and business principles, getting full value for the city and saving it money. The first year of centralized purchasing shows example after example of savings. To cite only two:

Formerly the sheriffs bought food stuffs for the civil prisons in the five county jails in small quantities as these were needed, paying retail prices. Early in 1934 a plan was worked out under which each jail obtained the food needed from the nearest hospital storehouse and was charged for it at the prices paid on the large hospital contracts obtained for the department of hospitals. Open-market buying was thus reduced and prices went down—in some instances as much as 50 per cent.

Instead of letting each government department buy gasoline for its automobiles and other motor equipment, an arrangement was worked out under which the department of sanitation buys all of the fuel, getting the maximum benefit of large quantity buying, and all other departments secure gasoline from the sanitation garages and filling stations.

Before 1934 the department of purchase in the City of New York was little more than a price-getting agency for only those departments under control of the mayor. Even then the department of hospitals was excepted and the department of purchase had no control over any purchases of printing and stationery. It has developed under the commissioner of purchase into a central agency which with few exceptions does the purchasing for all city, county, and borough departments and offices, operates storehouses, maintains a board of standardization which revises old specifications and devises new specifications for adoption as standard by the board of estimate and apportionment, purchases for all work relief projects and rents all equipment used on these projects. The tremendous amount of organization involved in this transformation—achieved in spite of resistance to change, sabotage, insufficient equipment and personnel—is another story and a vitally interesting one. It is yours for the reading if you are explorative enough to seek for stirring drama within the pages of an annual report sent by a commissioner to his mayor.

New Jersey Capital Adopts City Manager Plan

Story of successful campaign in Trenton, N. J., related by head of field organization

R. J. SAUNDERS

Former Chairman, Committe of One Hundred, Hackensack, N. J.

THE city manager movement in New Jersey carries on. On March 19 of this year, the capital city of the state, by a vote of over 18,000 to 12,000, adopted the plan. On April 16 the proponents of this form of government in the city elected six out of the nine councilmen provided for under the law of the state for a city of the size of Trenton, thus placing in the hands of friends of good government and the council manager plan, control of the first council under city management. Paul Morton, formerly city manager of Lexington, Ky., has been appointed Trenton's first city manager.

The New Jersey capital is the largest city in the state and one of the largest cities in the East under the manager form. It is no wonder, therefore, that great interest centers on this latest addition to the growing list of council manager governed communities and the question is asked throughout the state, "How did they do it?"

Full credit must be given to Trenton's Good Government League and the persistent efforts of its civic-minded leaders over a period of three years for a change in government. Starting as a taxpayers' association, outgrowth of an indignation meeting held at the Central High School in the spring of 1932, under the leadership of the now mayor, William J. Connor, a small group of citizens campaigned through the "Letters to the Editor" columns of the Trenton *Evening Times,* with protests to the city commission at its meetings, and by a constant "word of mouth" drive for action against the alleged inefficient and wasteful conduct of the city's business by the powerful group in command at city hall.

The complaints were justified, too. There was laxity in tax collections, particularly from the Trenton Transit Company, which was permitted to fall behind more than $300,000. A tax receivership was set up for that corporation after an investigation by a citizens' committee brought the facts to light. There was a police scandal involving the chief of the department and one of his sergeants directly, and the mayor, acting as commissioner of public safety, indirectly. There were charges of patronage and the existence of a political machine controlled by the commissioners, some of whom had been in office since the adoption of the commission form of government in 1911. There were charges of graft and mismanagement in the municipal colony—a combination of city hospital, isolation hospital and paupers' home—as well as in the electrical department where, it was alleged, the city electrician was at once the purchaser and seller of equipment used by the city in its fire alarm system and elsewhere throughout the city, and figures were brought out to show an over-insurance of city-owned property to the benefit of some of those connected with the city government.

In short, Trenton suffered the usual ills of a city where a small group of powerful politicians controlled the purse-strings and were so organized through the distribution of jobs and contracts, by a complete control of the municipal employees and through them their families, that the citizenry at large, without organization, looked upon the task of ousting the culprits as an impossible one.

The fight was not lost to Connor, however. He kept at the task of arousing the taxpayers and was ably assisted by the publishers of the Trenton *Evening Times* and the *State Gazette.* These papers carried editorial after editorial, brought facts before their readers through the news columns, and finally arranged for a dinner party at the Stacey-Trent. There speakers brought from out of town set forth the advantages of the city manager plan and proved to the audience the benefits of the system. The audience determined upon definite action to oust Trenton's commission form of government, which had permitted the building up of a political machine, and made possible lax government, and to replace it with the more efficient city manager plan.

So it was that in December of last year, Mr. Connor called a small group together, mostly young attorneys, and placed before them the idea of the Good Government League. This league, he said, was to be the militant organization that would fight to bring about the change. It was organized forthwith. An executive committee of some seventeen attorneys and business men was selected. A small headquarters office was taken for a staff of volunteer workers. Paul Rosen, long active in the organization of code groups in the state, was placed in charge and gathered about him typists and workers to check the voting lists. More workers, two or three from each ward in the city, were enlisted to carry the formal petitions to the voters for signatures, and early in January the drive for "fifteen per centum of the number of persons who voted at the last preceding election" was under way.

In about three weeks, not only "fifteen per centum" which would have meant a little over seventy-five hundred, but over fifteen thousand had signed the petition calling upon the city clerk to bring about a referendum. The lists were checked and rechecked. The registry lists were marked with an asterisk to indicate the signers and constitute a record of those friendly to the movement. The petitions were filed with due ceremony at the city clerk's office on Monday, February 25, and there it rested! But not for long!

So far the campaign had progressed with increasing momentum more or less of its own weight. There was no definite opposition by those in power who felt, with the usual smugness of those in office, that "it couldn't be done!" With the filing of petitions, however, the politicians sprang to life and overnight set up a resistance. It was indicated that they would fight the action of this group of reformers, that, quite possibly, the referendum would never be called, that the Jersey City fiasco which ended in the throwing out of petitions with charges of paid workers, false statements in obtaining signatures, forgeries, and what not—to say nothing of the sending of one of the leaders of the movement to jail on what have been alleged as "trumped charges"—would be repeated at Trenton. The politicians of Trenton, of Mercer County, and the state did not want city management to come to the capital city!

A hurried meeting of the executive committee of the Good Government League was called for the purpose of considering ways and means to bring the campaign to a successful conclusion. The question of organizing the voting strength of the city was considered. The matter of a "field general" was brought up. How to bring out the vote was the important question.

Martin P. Devlin, Jr., whose father, strange as it may seem, had some twenty-three years before been the leading figure in the adoption for Trenton of what was then supposed to be the best in municipal government—the commission plan—suggested that I be called in because of my success in handling similar campaigns in Hackensack and in Asbury Park. The result was that on Tuesday evening, February 26, I took charge of the field work, facing the election on March 19. Martin P. Devlin, Jr., served as chairman of the field committee.

The following morning we started our organization work in earnest. The city's fourteen wards were divided into two sections, each section under a section vice-chairman. Each section vice-chairman was instructed to appoint seven ward vice-chairmen. In forty-eight hours, a meeting of these ward vice-chairmen was held and they in turn were instructed to appoint sixty-two district commanders. The section and ward vice-chairmen were ordered to establish ward headquarters, hiring vacant stores at strategic points in their neighborhoods for the distribution of literature and meetings of workers. By the third day, reports began coming into general headquarters that such and such a store had been donated to the cause and requests for light and telephones, and in some instances heat, were handed into Paul Rosen, now office manager for the field committee.

In the meantime, the headquarters staff began to grow. A secretary to the campaign manager was retained. Her first duty was to prepare a headquarters chart showing the full field organization and smaller charts for ward headquarters with the local organization down to block captains outlined.

At general headquarters, too, further staff appointments were made: a staff attorney to consider the legal problems and to incorporate the organization, a finance officer to handle the raising of campaign funds, a publicity officer to work with the newspaper and to handle meetings and speakers.

Lists of voters in each district were prepared at headquarters from the registry lists obtained from the county board of elections and these lists were suitably marked to indicate those who had signed the petitions. They were then distributed to each ward headquarters and district commanders were instructed to have their block captains contact these and other voters.

Publicity matter was prepared and printed which included circulars not only in English, but in Italian, Hungarian, and Polish as well. Ads were run in the newspapers, and, toward the end of the campaign, sample ballots distributed for the information of voters.

Each day brought new problems. Rumors were rampant and in many instances of a purely propaganda nature. None were passed by without investigation, however, and once brought to headquarters were run to ground. If of sufficient importance, a bulletin explaining the question was issued to all workers that they might have at hand authoritative information to combat the work of the opposition. In addition a series of twelve bulletins of instructions on campaign procedure were issued to the field workers.

By the end of the second week of the campaign the field committee numbered over six hundred workers, each definitely assigned to a task and fully instructed as to his duties during the balance of the campaign and on election day. When meetings were scheduled the workers were so notified and concentrated on bringing voters out to hear the words of nationally known speakers. In one instance, the success of this plan may be brought out when it is stated that the field committee assembled an audience of nearly two thousand at the War Memorial Building, while the opposition could muster only about six hundred at their mass meeting, most of whom were municipal employees.

Then came the matter of challengers at the polling places. Again those at city hall objected, but thanks to the work of the staff attorney, Mr. Sidney Beck, they were forced to give way and challengers were duly appointed. These men and women were instructed both in person and by bulletins in their rights and the rights of voters at the polls and six additional attorneys were selected by the staff attorney to assist in solving such legal questions as were presented on election day.

Even automobiles were provided to bring voters to the polls. This was not done in any haphazard manner, but with military precision. Several days prior to the referendum ward vice-chairmen were provided with mimeographed forms on which were listed those who would donate their services and their cars to the cause. Others were enlisted for whom gas and oil must be provided. All were assigned to definite districts and "taxi-stands" established from which district commanders dispatched cars to bring in the voters.

A final meeting of workers was held on the eve of election at which nearly six hundred attended. There was no "pep" talk, simply further direct instructions and orders. The manner in which votes were to be reported, the tally sheets returned to headquarters and similar details of operation on election day were brought to their attention by the chairman and section vice-chairmen. A final word of praise for the work so far done and the matter was left up to the voters.

The results have been mentioned. A fast, intensive campaign, successfully culminated—except for the payment of bills!

The one thing in which the field committee fell down was on the raising of funds for the campaign. This cannot be charged entirely to the finance officer or his assistants. Rather, it is believed several causes might be advanced and they are mentioned since they have a distinct bearing on the campaign that followed to elect councilmen.

First: the campaign was too short to permit the workers to give the attention necessary to this phase of the work. Second: the tradespeople of the city were afraid to contribute lest they incur the wrath of those in power. Third: except by those at the head of the field committee, the need for money and the expense of such campaigning, was not realized. The total cost to the Good Government League was approximately five thousand dollars, all of which had to be raised by voluntary contributions. The opposition spent far more but they had simply to demand of municipal workers, of those receiving patronage, and the money came in! Any group attempting a similar campaign should realize this cost early and should take steps to raise their funds by more intensive work from the beginning. True, in Trenton, all bills are now paid, both for the referendum and the councilmanic fight, but the heartaches and headaches to the leaders were many and sundry. "Finance in advance" is a good watchword.

Such is the story of Trenton's campaign for the city manager plan. If a lesson is to be learned from it, let it be this: Politicians are always organized—if they are to be beaten, the good people seeking betterment in government must likewise organize. It is for them, however, to organize better than the politicians, and, with a worthwhile cause, properly presented, the battle can be won.

"VICTORY IN TOLEDO"

(Continued from Page 310)

those profiting by the existing state of affairs; but, powerful as is this group, it is always a minority, for only a minority of citizens can profit at the expense of the majority: a statement so obvious yet too seldom realized. Victory, in other words, is inevitable with satisfactory leadership, adequate organization, and sufficient education. But you and I and Johnny Smith and Bill Green and Mary Taylor must do our part!

STATE CONTROL OF MUNICIPAL FINANCE

(Continued from Page 313)

municipality has a proprietary interest. The Killgrew Bill recently enacted into law in New York State was of this nature.

Now it seems to me unsound financial practice for state legislatures to permit political sub-divisions to issue revenue bonds (except water revenue bonds) outside of legal debt limits. Whether bonds are payable out of taxes or out of revenues from projects, the fact remains that they are a direct charge upon the resources of the community against which they are outstanding.

It is easy to say that the loans will not be a burden upon taxpayers because they will be repaid from revenues of the project. But how can we know this, and if a city may issue revenue bonds without restraint, what is there to prevent gross extravagance in building such projects? And what is the essential difference between rates and taxes? They both call for our money. Therefore, the occasion demands that state legislatures keep a close eye to the credit of their municipal children when the Pied Piper of Washington comes down the road. In other words, cooperation with the federal government should be tempered with caution.

State control of municipal finance—yes! But a judicious, elastic control, one that grants the maximum autonomy consistent with good government, a control which cements the relationships within the state, a control that suffices to drive the team with a light rein and good hands. It is too easy to forget that the art of government is after all a design for living.

EDITOR'S NOTE: Radio address delivered June 4, 1935, in the YOU AND YOUR GOVERNMENT series over a nation-wide network of the National Broadcasting Company, under the auspices of the National Municipal League and the Committee on Civic Education by Radio of the National Advisory Council on Radio in Education and the American Political Science Association.

Municipal Borrowing and Legal Debt Limits

Establishing a sound basis for statutory limitation of non-self-supporting indebtedness

KARL SCHOLZ

University of Pennsylvania

The current depression has created serious financial problems for many American municipalities. While on the one hand, tax revenues have declined rapidly, demands on municipal budgets, on the other hand, have expanded from year to year. In particular the need for capital funds to finance necessary local public works has become very acute. Even where the money market has been favorable to absorbing further municipal loans, many municipalities have discovered that they have not only reached, but even exceeded, their statutory limits of non-self-supporting indebtedness. Yet it is in times such as the present that municipalities should have their credit sufficiently sound and enjoy an adequate borrowing reserve to be able to take advantage of low construction costs and an abundant supply of labor looking for employment.

In most states there are either constitutional or statutory debt limitations, beyond which municipalities may not expand their non-self-supporting indebtedness. These limits are usually fixed in terms of a specific percentage of real and personal property assessments. There may be, in addition, many other legal limitations to the incurring of municipal indebtedness, such as restrictions as to the term for which bonds may run, the requirements for serial bonds, the authorization of loans by voters, and regulations as to purposes for which bonds may be issued.

However, the most common statutory limitation to incurring non-self-supporting municipal indebtedness is a percentage of the assessed valuation of property. For example, in the city of Philadelphia, this legal debt limit to municipal debts is 10 per cent of the assessed valuation of real and personal property.

Such a legal debt limit tends to expand municipal borrowing power during periods of rising property values in boom years. On the other hand, during depression years, with declining assessments, positive borrowing power is soon converted into negative borrowing power. Thus, in Philadelphia, the legal borrowing power declined from $480,000,000 in 1931 to $390,000,000 in 1934. But the actual outstanding indebtedness of the city chargeable against legal debt limits was estimated by the Bureau of Municipal Research of Philadelphia at approximately $425,000,000 in May 1934. In consequence, the city had a negative borrowing power last year of about $35,000,000. Its annual budget has been burdened with disproportionately high debt service charges in recent years. In 1934 these charges amounted to approximately 40 per cent of the total city revenues.

An adequate margin of legal borrowing power, to take advantage of favorable market conditions for the expansion of useful public works in periods of depression, is precluded, however, when city governments borrow to the full extent of legal limitations in boom periods, and thus overload the depression budgets with excessive debt service charges. If the situation could be reversed so that legal borrowing might be restricted somewhat during boom periods when assessments are relatively high, and expanded during depression periods when property values are declining, the taxpayers would ultimately benefit, for they would in reality acquire more durable municipal improvements for their tax dollars.

The suggestion has been made that a statutory debt limit should be established for municipalities in which the percentage of total assessed valuation, serving as a debt limit, be made to vary inversely with the assessments. If, for example, a municipality had total property assessments of $200,000,000 in the base year, and a statutory debt limit of 10 per cent of this valuation, it could not incur more than $20,000,000 of non-self-supporting indebtedness. But if the assessment in the subsequent year were to increase to $220,000,000 or 10 per cent, the percentage of this valuation setting the legal debt limit would automatically be reduced to 9.09 per cent. If assessments were doubled over a number of years, the legal debt limit would be halved.

Such a procedure, however, would keep the statutory debt limit constant, and allow for new municipal capital expenditures, financed by borrowing, only as outstanding debts were retired. It would not establish an inverse relationship between municipal debt limits and property assessments.

The following proposal is made with a view to providing a statutory debt limit for municipalities which will tend to restrict borrowing when assessments are rising, and expand it somewhat when assessments are declining. In other words, it is an attempt to adjust municipal borrowing to the vagaries of the business cycle. It is predicated upon the construction of an index of property assessments, which will reverse the debt limits, now commonly based on a fixed percentage of annual assessments.

INDEX OF PROPERTY ASSESSMENTS

Such an index may be prepared by computing a moving average of municipal property assessments for a given number of years, approximately the estimated length of either a minor or major business cycle, and dating this average forward. For example, the debt limit in any given year may be set at a legal fixed percentage of the average assessments of property in the municipality in the five preceding years,[1] or any other number of years. Thus the legal base for borrowing in 1935 might be made a fixed percentage of the mean average of property assessments for the years 1930 to 1934 inclusive. If a sufficiently long period of years is chosen for this forward dated moving average, the legal borrowing power of a municipality might be made to expand during protracted periods of depression, so long as the decline in the assessments in the most recent years did not exceed the increases in assessments during the earlier years of the chosen series. On the other hand, with increasing business recovery, and rising property values, legal borrowing power would not expand until the increases in assessments at the end of the chosen series of years exceeded the declines in the earlier years. This would mean that with expanding property assessments municipal borrowing power would be held in check, and the increasing tax revenues collectible with business recovery could be applied, in

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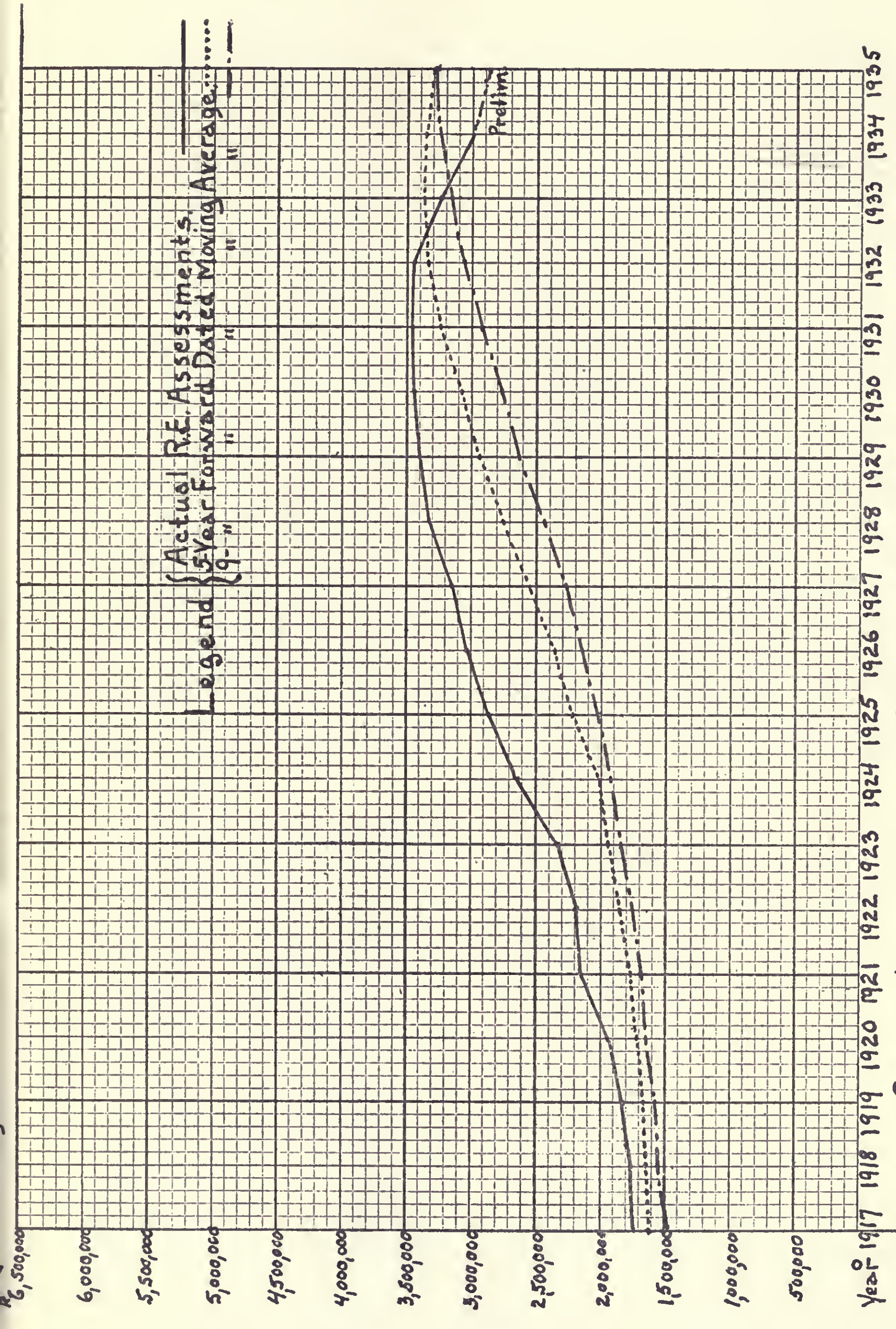
[1] The computations are based on five- and nine-year forward dated moving averages of real estate assessments in the city of Philadelphia from 1917 to 1935 inclusive.



Comparison of Actual Real Estate Assessments with Forward Dated Moving Averages in Philadelphia (1917 to 1935 inclusive) part, toward liquidating outstanding municipal indebtedness.

To illustrate the method of establishing legal borrowing limits as here suggested, data on real estate assessments for the city of Philadelphia have been employed. Although both real and personal property form the basis for computing the legal debt limit for non-self-supporting indebtedness in Philadelphia at present, personal property assessments have been very unstable. Moreover, recent suggestions for municipal tax reform in Philadelphia have been directed, in part, toward the abolition of personal property taxes, since they are notoriously evaded. Table No. 1 gives the actual real estate assessments in Philadelphia from 1917 to 1935, inclusive, in comparison with the five- and nine-year forward dated moving averages.

The accompanying chart depicts the difference between actual real estate assessments in Philadelphia from 1917 to 1935, inclusive, and the five- and nine-year forward dated moving average of assessments, respectively.

Based on Table No. 1, the following computations indicate the debt limits as a fixed percentage of actual annual real estate assessments, and the same percentage of a five- and nine-year forward dated moving average for the same period. For illustrative purposes a 15 per cent debt limit has been assumed. This percentage of the five-year forward dated moving average of real estate assessments would have been adequate to establish a legal debt limit for 1931, approximately equal to the then outstanding non-self-supporting municipal debt.

It will be noted that the debt limit based on a fixed percentage of actual real estate assessments has declined since 1931. On the other hand, based on a five-year forward dated moving average, it would have continued to increase until 1933, and since then have decreased by only about $12,000,000. With a nine-year forward dated moving average of assessments as basis, the legal debt limit would have continued to rise to 1935. But it is significant to note that in the years prior to 1931 there would have been a very pronounced lag

TABLE NO. 1

Year	Actual Real Estate Assessments[a]	Five-Year	Nine-Year
		Forward Dated Moving Averages	
1917	$1,721,540,000	$1,608,692,000	$1,494,678,000
1918	1,768,253,000	1,646,242,000	1,542,880,000
1919	1,830,108,000	1,688,628,000	1,592,937,000
1920	1,940,800,000	1,722,608,000	1,645,266,000
1921	2,162,228,000	1,773,720,000	1,698,760,000
1922	2,193,275,000	1,861,857,000	1,768,516,000
1923	2,322,223,000	1,946,862,000	1,839,218,000
1924	2,630,578,000	2,049,927,000	1,918,506,000
1925	2,772,180,000	2,210,012,000	2,026,217,000
1926	3,030,781,000	2,376,301,000	2,146,878,000
1927	3,163,546,000	2,550,012,000	2,292,195,000
1928	3,325,580,000	2,744,066,000	2,447,073,000
1929	3,404,468,000	2,944,737,000	2,613,070,000
1930	3,453,791,000	3,099,515,000	2,775,539,000
1931	3,468,011,000	3,235,837,000	2,918,903,000
1932	3,449,317,000	3,323,283,000	3,060,399,000
1933	3,255,705,000	3,380,438,000	3,185,506,000
1934	3,071,878,000	3,366,463,000	3,254,895,000
1935	2,870,000,000[b]	3,299,945,000	3,288,162,000

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[a] City Controller's Annual Report (1933, p. 45) for 1917 and 1918. Subsequent years from corrected final assessment data compiled by the Bureau of Municipal Research of Philadelphia.

[b] Approximately.

TABLE NO. 2

Year	15% of Actual Real Estate Assessments	15% of 5-Year	15% of 9-Year
		Forward Dated Moving Average	
1917	$258,234,000	$241,303,800	$224,201,700
1918	265,238,000	246,936,300	231,432,000
1919	274,516,200	253,294,200	238,940,600
1920	291,120,000	258,391,200	246,789,900
1921	324,334,200	266,058,000	254,814,000
1922	328,991,300	279,278,600	265,277,400
1923	348,333,500	292,029,300	275,882,700
1924	394,586,700	307,489,100	287,775,900
1925	415,827,000	331,501,800	304,232,600
1926	454,617,600	356,445,200	322,031,700
1927	474,531,900	382,501,800	343,829,300
1928	498,837,000	411,609,900	367,061,000
1929	510,670,200	441,710,700	391,960,500
1930	518,068,700	464,927,300	416,330,900
1931	520,201,700	485,375,600	436,835,500
1932	517,397,600	498,492,500	459,059,900
1933	488,355,800	507,065,700	477,825,900
1934	460,781,700	504,969,500	488,234,300
1935	430,500,000	494,991,800	493,224,300

in the debt limits based on the moving averages and those based on actual assessments.

If a five-year forward dated moving average of real estate assessments had formed the basis for computing the legal debt limit in Philadelphia during the past decade, it would have shown the following deviations from actual assessments.

TABLE NO. 3

Year	Difference between 5-Year, Forward Dated Moving Average and Actual Real Estate Assessments
1924	$—580,651,000
1925	—562,159,000
1926	—654,480,000
1927	—613,534,000
1928	—581,514,000
1929	—459,731,000
1930	—354,276,000
1931	—232,174,000
1932	—126,034,000
1933	+124,732,000
1934	+294,585,000

It becomes apparent from the foregoing table that the municipal debt limit for non-self-supporting debts, based on a five-year moving average dated forward, would have increased materially in recent years, while real estate assessments were declining. The actual possibilities of municipal borrowing to finance public works during periods of declining property assessments is, of course, not merely limited by available legal borrowing power and other statutory restrictions, but also by conditions in the bond market. When, however, a municipality has a negative legal borrowing power during periods such as the present, it is not in a position to finance sorely needed public improvements with new borrowing, no matter how favorable the bond market for municipals may be. To raise the legal debt limit under such conditions in order to make more borrowing possible, as has been suggested, without, however, changing the base, would merely serve to perpetuate the mistakes of the past. It would lay the foundation for further governmental extravagance with business recovery, unless indeed rigorous legal restrictions could be imposed. A forward dated moving average as a basis for municipal debt limitation, as here suggested, would serve as a legal check upon a too rapid expansion of capital expenditures with recovery in municipal real estate values and resultant higher assessments.

Borrowing Machines

The new "authority" —is it blessing or menace?

HORACE A. DAVIS

Author, "Judicial Veto," New York City

An Interesting by-product of the depression is the crop of "authorities" that has sprung up over night like mushrooms. The new "authority" is a legalistic device to enable a community, in debt up to its ears and unable to borrow in its own name, to get money from Uncle Sam. That may be an excusable, even a laudable, scheme in an emergency; but its merits as a stop-gap should not blind us to the danger that our new crop may prove to be chiefly toadstools—a diet far from wholesome for the body politic.

An authority is a cross between a business corporation and a city government. With a purpose ordinarily limited to a single money-making enterprise, it nevertheless is clothed with much of the majesty of a municipal corporation, free to operate without control. It has large powers, sometimes extending to eminent domain, taxation, and even police and always including the capacity to borrow money and issue bonds—which is its chief function.

It is an independent civic body as definitely removed from the city as it is from the citizens. Once give it the breath of life and it functions until its enterprise is complete and its bonds retired—perhaps forever. It is free from the ordinary restraints on city government—publicity and the polls. It may be created by special act of the legislature, like the Triborough Bridge Authority, or by general act of the legislature, like the Tenement House Authority (both New York enterprises). In the latter case there is no limit to the number of authorities which by special election or by decree of the municipal government, may spring up in different cities under a single state law.

The name "authority" is derived from the first of its kind—the Port of London Authority, created in 1908 by Parliament. The statute creating that body contained paragraph after paragraph beginning, "Authority is hereby given," so Lloyd George, at a loss for a name for the new organization, suggested that it be called "authority"; and the title has been copied until now, with its wide adoption in the last few years, it has established itself as the title of a definite new type of municipal corporation.

Before the depression Lloyd George's invention was already being rather widely adopted. The best known instance is the Port of New York Authority. This grew out of the unique structure of the metropolitan district at the mouth of the Hudson. This metropolitan area extending from White Plains, New York, to the ocean and from the Connecticut line to Summit, New Jersey, embraces a population of almost nine million people scattered in one hundred and eighty-five separate municipalities in two states. Naturally there has been rivalry between the states and competition for an increasing share of the mighty commerce that flows through New York Bay, as well as friction in carrying out any plan that affected more than one city. It was only a little over ten years ago that the people of the two states reached the conclusion that coöperation would be better for all concerned, and set about finding an instrument to manage the complicated situation. The Port of London was taken as a model and a treaty was drawn up between New York and New Jersey and approved by Congress creating the Port of New York Authority. Thus the difficult problem of obtaining joint legislation from the two states and assorted permits from the scores of municipalities for every forward move was largely disposed of.

Its first function has been to plan and persuade, and in this it has been highly successful with local governments, and with the Interstate Commerce Commission. Where state or municipal permission is now required it is given willingly on the request of the Authority. From the railroads, however, there has been little or no response. Even proof that a new system of deliveries will save the roads two million dollars a year will not budge those exemplars of big business. The main purpose of the Authority, the unification of railroad terminals and the simplification of freight movements in and around the harbor, is therefore still largely unfulfilled. But in spite of obstacles thrown by the railroads in the path of every proposed improvement, the Port Authority has managed to survive and perform tasks of great importance.

Largely because it has the power to issue bonds that are not a charge on any other public body or locality, the two states turned over to it the job of building bridges across the Arthur Kill. This it accomplished with marked success, showing such skill in caring for traffic, designing a beautiful structure and financing at low cost, that it was soon given the task of building the great George Washington suspension bridge with the longest span in the world, and of managing the Hudson Tunnel. It also has power under its general charter to function independently in other directions. In the heart of New York it has built a huge building occupying an entire block as the first of several proposed freight terminals. With these new enterprises has come great prestige for the Port Authority and good repute for authorities in general.

Similar in scope and circumstance are the Delaware River Joint Commission organized by New Jersey and Pennsylvania to build and operate a bridge over the Delaware at Camden, and the Lake Champlain Bridge Commission, a New York and Vermont enterprise; and it seems likely that other states will follow suit, where commerce requires interstate river or harbor development. Perhaps also power projects, when states get around to that industry, will take the same course, although the St. Lawrence Power Authority failed to obtain the consent of Congress, and in the case of Boulder Dam and Muscle Shoals Congress did not await state action; the one is managed directly by the Department of the Interior, the other by the Tennessee Valley Authority, a federal corporation.

II

Much more common is the intrastate authority, although operating under a variety of names. Ports and bridges are again the chief motif, with the Port of New Orleans as the leader. Like London, New Orleans has concerned itself chiefly with docks and warehouses, and like London it has been eminently successful. Portland, Oregon, is in the hands of a reputable authority, and so is Albany. Alabama, California, Kentucky, New York and West Virginia have bridge authorities.

As these organizations vary in name, so they vary in detail and shade insensibly into those familiar instruments of local government, the district. Districts of one sort and another are legion throughout the whole United States. They exist under all sorts of names and for purposes too numerous to recite; but school, highway, irrigation, drainage, sanitation, bridge, sewer, levee will all sound familiar.

There are two ostensible reasons for creating districts. The first is that many enterprises such as drainage and irrigation cut across county and town lines; and since political units in this continent do not tend to conform to topography, any given spot may find itself the focus of a dozen different municipal activities and so eventually within a dozen different districts criss-crossing helter-skelter for all the dozen different purposes.

The second reason is best illustrated by schools. Public education is a function of the state. In normal course it is administered by cities, towns and villages under state supervision, since there is no reason for the state to create special districts to manage the schools. What ordinarily happens, however, is that the citizens of some neighborhood grow dissatisfied with the education offered to their children and apply for a separate local organization. Originally school districts were created by special act of legislature, but the movement spread so widely that it has long been standardized under general laws. The usual set-up is a local board of education superseding the municipal officials in all school matters. Running expenses must be paid by the city through its regular fiscal machinery, while permanent improvements must ordinarily be ratified by vote of the citizens.

It is significant that there is today a clear tendency to transfer all non-professional functions from the Board of Education to city officials.

School district improvements such as new buildings are paid for by bond issues; and it must not be forgotten that all these other districts also have the power to issue bonds, with or without the vote of the citizenry; and so do "authorities". Tested by bonds outstanding, there is a great difference among the various states. Rhode Island gets along with a single district issue, a fire bond; Vermont with two, both for schools. Minnesota and North Carolina have only school bonds. California on the other hand has plastered itself all over with bonds issued by hundreds of districts of every conceivable kind. Needless to say many are in default and these find plenty of bad company in numerous other states. All these bonds, whether being served or not, are ordinarily a lien on the real estate within the district.

The result of the system is that the taxpayer and especially the owner of real estate is billed for taxes by a dozen different departments, or finds on his consolidated bill items from a dozen different sources—the municipality, the school district, and all the other districts—and what appears to be an economical and efficient local government is disclosed as a haphazard spendthrift. Whether it is sound policy to add a new series of concealed obligations emanating from a third class of municipal corporations—the newly devised "authority"—may be seriously questioned.

Just at present there are genuine differences between authorities and districts and it is to be hoped that they will continue, although there is no good reason for supposing that they will. In fact, the lack of any clear theory of organization is already manifest, just as is the lack of discrimination in names. The main characteristics of an authority are that it is organized for a single business purpose, and is endowed from the start with power to carry that purpose out and to raise funds on the credit of the enterprise itself. It exists primarily not to discharge civic duties but to take over the management of a revenue-producing enterprise that has come under public control. If the legislative mind had worked that way eighty years ago it might have started a series of water authorities in all our large cities, or still earlier, toll authorities, as it took over private road, bridge and water companies. Curiously enough it is precisely in the region of toll highways, especially bridges and tunnels, that authorities are now being formed in greatest profusion.

A prime requisite of an authority is that its business shall be self-liquidating. Its creation is justified only to manage an enterprise that produces revenue enough to take care of all its outlay, including not only running expenses but, far more important, its fixed expenses—its cost of installation and upkeep and the repayment in full of the moneys borrowed to build it. This is supposed to be an absolute prerequisite to aid from Uncle Sam, and if truth be told, it is the real reason why there was so much delay in starting such authorities as the Tenement House—where the enterprise is primarily civic and not obviously self-supporting.

Organization of authorities has also followed the Port of London model so as to be inherently non-political. They are all managed by boards appointed by the mayor or governor without political bias and serving without pay. From the beginning the authorities have secured the willing service of the highest type of citizen. In England membership on the Port of London Authority has been considered a distinguished honor justifying active expenditure of time, brains and energy, and so in New York and New Jersey for the Port of New York Authority. And such leadership has in turn inspired the salaried staff, from general manager down, to a spirit of ambitious unselfish service seldom seen in the ranks of public employment. In this third feature, however, the authority is not unique, since boards of education also are ordinarily manned by volunteers.

III

This survey of municipal, or more properly submunicipal, corporations raises the big question—WHY?

Is the new fangled authority or even the good old district a useful administrative instrument or is it only the lazy man's answer to more or less embarrassing questions? Whenever the impatient American finds that some civic job is being mismanaged his first impulse is to "take it out of politics" by creating a commission to run it. For a while this works well, but the inevitable result is that the commission is soon subjected to political pressure and develops into a minor nursery for graft of its own. As for the central administration, it soon recovers from its chastened mood, and sets out to make the best of what is left. As its proper functions one after another are split off, it has less and less responsibility, becomes less and less interesting to its citizens and grafts with greater impunity in the still abundant channels that are left open. It is earnestly argued by students of government that the true remedy is precisely the opposite—the concentration of power in a single head that then becomes responsible for every function, touches everybody's interest at some point or another, keeps the citizenry alert and is held strictly to account.

Even where the project not only crosses county lines but is limited and technical in scope, as a bridge or tunnel, there is no real necessity for creating an authority to carry it out. A good highway department will take such a situation in its stride. Although there are many water districts, no city has turned over its water supply to an authority. Yet the supplying of water to a city is fully as complicated a problem as any intrastate traffic or commercial problem which has bred an authority; and in addition it is wholly separate from other public functions and can be and ordinarily is made self-supporting. In other words it is admirably adapted to authority management, and in one outstanding case, the Passaic Valley Water Commission, where several cities are served from a single source, the authority machinery is successfully employed.

It is often argued that a self-liquidating project is no drain on the public purse, and therefore a community that has reached its legal debt limit and the limit also of its financial credit, may nevertheless embark on new borrowing through a separate self-supporting entity—or to put it more bluntly than the promoters dare, that a bankrupt city may build a toll bridge without increasing the municipal burden. Of course that is a fallacy. The tolls are a latent resource of the community and if absorbed by the bridge, leave the city that much poorer. The expense of building the bridge, though not an obligation of the city or a lien on its real estate, must be paid by substantially the same people who already owed so much they couldn't borrow any more. And what if the tolls do not in fact pay the expense of the bridge? It has been naively asserted by no less an authority than the general counsel of the Port of New York Authority that the bond holder is safe because "the authority is under legal obligation to make charges adequate to meet operation, maintenance and debt service". But how, if the traffic is insufficient to carry such a burden at any charge, no matter how high, how low or how reasonable? The authority can hardly go out and push the public through its toll gates. From the beginning it is a matter of estimate how many cars and how many passengers will wish to go over the bridge and how many will actually go at one rate or another. If the estimate is wrong and the authority has no other source of revenue, the city, whatever the legal situation may be, physically has another bridge on its shoulders and actually has an increased debt burden to take care of.

A project that with stark simplicity illustrates some of the chief characteristics of the authority is The American Museum of Natural History Planetarium Authority of New York City. In spite of its name this is only a "public benefit corporation," not like the others we have been discussing, a "body corporate and politic".

This illustrated astronomy adventure was solemnly brought into being with all the formality required by the constitution for a statute urgently needed to save the commonwealth from disaster; namely, by a two-thirds vote of the legislature acting under the Governor's "emergency message and message of necessity!" Think of that—*emergency* for one ball to revolve around another, *necessity* to look at a movie of the stars! But what is the constitution among friends? After all it is not the circumstances of its birth that are of special interest, but its financial program. It is authorized to borrow $1,000,000 and plans to spend at least $800,000 for its apparatus and its hall, already under construction. For this purpose it has issued and sold to the hard-boiled Reconstruction Finance Corporation its twenty-year bonds backed — I can hardly bring myself to say "secured"—only by admission fees. Without lien on real estate or guarantee by museum, city or state, these bonds, true to type, have been made legal investments for savings banks and trustees! Incidentally they are tax-exempt. For service of these bonds the planetarium must collect over $50,000 a year, and after that it must take in enough more to pay running expenses. It can easily be figured that it will need a steady paid attendance of some seven hundred visitors a day to keep its head above water. While the enthusiasm manifested at the Chicago Fair continues, seven hundred a day is plausible; but personally I have not forgotten mah jong and jig saw puzzles, and I should not care to stake my own investment funds on the proposition that the American public will continue for twenty years to take a twenty-five cent interest in a movie of the stars.

Where authorities have been obliged to get their funds from the public, it is evident that Wall Street has to some extent shared my misgivings. Although the bonds are almost always made legal for trustees and tax-exempt, they do not enjoy the highest rating. One Port of New York issue, the Holland Tunnel bonds, enjoys second rating, Aa. So does the Port of Albany, but this is backed by ad valorem taxes on all property in two counties. The Port of Portland, Oregon, with similar backing is rated A (third class, but still good investment); while on the other hand Port of Astoria bonds are in default and classed as highly speculative, Caa. The Kentucky Highway and Bridge Commission bonds are mostly fifth grade, Ba, and at best fourth, Baa, as are the Lake Champlain Bridge bonds, though the latter are secured by mortgage. Other Port of New York issues drop from good investment, A, to doubtful, Ba.

That there is ample reason for discrimination in the Port of New York issues appears from the reports of that Authority, which show that in 1933 there were deficits of $240,000 on the Bayonne Bridge and of $295,000 on the Arthur Kill Bridges. The Inland Terminal, not yet fully rented, also admits a deficit. All these were more than offset by surpluses from the Hudson Tunnel and George Washington Bridge. Yet it must be remembered that each enterprise is supposed to stand on its own bottom, with "charges adequate to meet operation, maintenance and debt service"; and that as a matter of fact the first three ventures of the Port are all unable to meet expenses. The bondholders may have had some anxious moments between 1926 and 1931, when an act was passed pooling surplus revenues to the extent of ten per cent of the total bonds. Before that the holders of series A bonds, issued for the Arthur Kill Bridges, could not have complained if the Authority had lowered its tolls on the Hudson Tunnel, spent its reserves building new terminals and belt lines, and left no surplus to make up the bridge deficits. Their only recourse would be to take over the operation of the bridges and collect for themselves what tolls they could. From the point of view of the depositor, doesn't it seem as though such enterprises should be made to show a record of actual earnings before their bonds are made legal for savings banks?

Finally what assurance have we that the personnel of authorities will always remain so high in character? That the members of the board receive no pay and may not ordinarily be city officials is supposed to guarantee a high standard of appointee and has almost without exception so operated in the past. But the authority, young as it is, has already had its little scandal; and does any one suppose that a wide awake district leader will refuse membership on a board that manages business running into the tens of millions of dollars annually just because he draws no salary? Take your eye off authorities for a few years and see what kind of boards you will get. When Tammany was mayor of New York it had an opportunity to appoint the board of the Triborough Bridge, a project comparatively inconspicuous, but involving the expenditure of $35,000,000 of borrowed money. It made no call on eminent engineers, civic administrators or men of national repute, but selected three political hacks, lawyers with no training or qualification for bridge building. Their first and almost their only act was to appoint general counsel who charged $25,000 for seven months' work, chief engineer at a salary of $20,000, general manager at $15,000, and other officers all at figures higher than corresponding salaries in the city service. Fortunately Tammany lost its job in the next election and the new mayor promptly brought charges against the two surviving commissioners, one having died. One resigned and the other who impudently clung to his post, was removed by the court for inefficiency. If the board had kept quiet instead of foolishly getting into the limelight by trying to borrow from the Public Works Administration, who knows but that it might have lived peacefully through the term of the new mayor; but when the PWA refused to lend while the authority was paying such exorbitant salaries, the fat was in the fire.

Even the Port Authority has not kept free from gossip. The busybodies insist on asking whether Governor Larson is such a crackerjack engineer that his services as consultant — one of six on the payroll — are worth $10,000 a year; and whether it was strictly ethical for General Manager Ramsey to accept a loan of $10,000 from the National City Company, just after that concern had underwritten an Authority bond issue.

IV

When the depression is over and it has again become more important to save than to spend, what are we going to do about authorities? Those already in existence will live out their allotted term, till their business is accomplished and their bonds paid off — if that ever happens. But what about new ones? Shall we continue to encourage them as an accepted instrument of government? Is Governor Alfred E. Smith right in saying: "The Port Authority, to my way of thinking, represents the modern agency for progress in public works?" Or are they a mere camouflage for improvident spending, an unnecessary and vicious decentralization of power and responsibility, leading to political abuses more abundant and harder to cure?

The true answer seems to be that neither extreme is correct. There is a genuine need for authorities to manage large interstate projects. Under circumstances such as prevailed in New York Harbor, local municipal government was paralyzed and a radical departure from the old inadequate agencies was imperative. The Port Authority was a happy solution. There is no possibility that it will be abandoned nor much likelihood that it will cease to function admirably. In like situations the several states concerned cannot do better than get together, create an authority and hand over to it the whole business, with the broadest power and control.

For intrastate projects, and still more for intra-urban projects, there seems to be little excuse for adopting an authority. If for some special reason it is desirable to raise money without obligating the municipality, if the project is sound, certainly self-liquidating and of such a character that from a business point of view the municipality could properly guarantee it, and if the need is urgent, then there would seem to be some excuse for acting through an authority. It is hard to apply such a test, however, for a municipality that cannot borrow is hardly in a position to guarantee, and it is precisely to escape from a guarantee that the city resorts to an authority. But conceding that such a situation might arise, the type of authority most appropriate is that of the Planetarium—a corporation with a short, clearly defined life and power limited to the bare necessities of the case. Let us frankly recognize that such an authority is nothing but a borrowing machine.

Bonded Debt of 274 Cities as at January 1, 1935

Net and per capita debt of cities increase over last year

C. E. RIGHTOR *Municipal Service Department, Dun & Bradstreet, Inc.*

THE tabulation which follows is a summary report of the bonded debt as at January 1, 1935, of 274 cities, over 30,000 population, of which 260 are in the United States and fourteen in Canada. Fifty cities of this country and four in Canada having a population in excess of 30,000 failed to supply the desired data.

The table presents the total gross bonded debt, with a subdivision of this total into the three general classes of general public improvement, public school, and public utility; the total amount of the sinking fund with a percentage distribution by the three classes named; the net total bonded debt; the net total bonded debt to be retired from taxation (reported as "excluding self-supporting"), both total and per capita; and the total gross special assessment debt.

The form of presentation is unchanged from that of past years, this being the thirteenth annual tabulation of these data, with some variation in the cities reporting each year. The cities are listed in order of population according to the official 1930 census, and by the five census groups, as reliable figures of population changes since then are not available. The population figures for the Canadian cities are also the latest obtainable.

The primary object of the tabulation is to make available a current, concise, and complete statement of the total amount of bonds outstanding in the name of the city, and the total and per capita amount of such bonds that must be retired through future tax levies upon the taxable property of each city. The table therefore affords a ready comparison of both total and per capita debt by cities, as well as by census groups.

The presentation of the debt data in a single line is easily possible for a large number of the cities, while for the others adjustments of various kinds have been required. The footnotes indicate some of the complexities that arise — as examples, school debt in several states is in the name of a school district which may or may not be co-terminous with the city, or of a county, although the property within the city is taxed to retire its portion of the bonds; there are found many types of special and overlying districts having authority to issue bonds, only a portion of same being chargeable to the city; the proportion of total debt that is self-supporting is not always definitely ascertainable; sinking funds are sometimes in a single account, the proportion by classes of debt being based upon estimates only, etc. The Census Bureau's "Financial Statistics of Cities" includes with the debt of sixteen of the largest cities a percentage of the county debt, but this rule is not followed herein, although in a few instances the city and county are consolidated so there is no county debt. Further, temporary debt in the form of tax and revenue notes and warrants, etc., is not included, it being purposed only to report the debt in the form of bonds. Because of these affecting factors, therefore, it is necessary to refer to the footnote in each case to obtain an exact knowledge of any city's debt.

The per capita debt is reported only for net debt excluding self-supporting. To obtain this figure, the obligations of the utilities are ordinarily deducted, either in whole or in part. Most cities own their water systems, and except as the utility debt is analyzed in a footnote, the utility debt is water bonds. A few cities do not deduct water or other bonds in computing their net debt to be retired from taxation, as such bonds are construed to be general obligations for which the general fund meets the debt service. It is found, further, that statutory provisions variously define the deductions that may be made to determine net debt, but these diversified and arbitrary local provisions are not observed here, only the sinking fund and debt reported as self-supporting being deducted from the gross figure.

It has been found desirable to report the special assessment bonds outstanding, but the amount of such debt is separately reported in the last column. Usually the amount is not included by a city in its statement of bonded debt, but it may be separately stated; therefore, it is so reported here and is not included in the preceding columns of gross and net debt nor in computing the per capita net debt. In some instances, however, such bonds are considered general improvement debt and are so classified, the offsetting revenues from assessments being an asset of the general fund. This form of debt may be a direct obligation of the city in whole or in part, or only a contingent liability subject to payment of debt service by an assessment district, or it may rest upon the district only; but, in any event, it constitutes a burden upon all or part of the taxable values of the city, and so merits consideration.

GROSS AND NET DEBT

The tabulation shows a gross debt of $8,072,988,834 for the 260 cities of the United States, and $509,245,301 for the 14 cities of Canada reporting. The average per capita gross debt is $179.68 for the 260 cities, and $253.99 for the 14 Canadian cities.

The Census Bureau reported a total debt of $8,842,189,000 in 1932 for all cities, towns, villages and boroughs. As the cities here reported comprise 91.3 per cent of this total debt, it is evident that the incurrence of indebtedness is largely an accompaniment of concentration of population. The Census Bureau figures include special assessment debt, omitted in this tabulation. The amount of such debt reported for the current report was $231,326,950 for the cities of the United States, and $51,242,815 for the cities in Canada.

The total net debt excluding self-supporting of the 260 cities is $5,307,212,059, with an average per capita of $118.12. The latter figure compares with $119.90 for 240 cities reporting one year ago. A net figure for the Canadian cities was not obtainable, as the Montreal and Toronto data were incomplete.

The data show the usual wide range in per capita debt excluding self-supporting. Except for Washington, which has no funded debt, the figures run from $4.52 for Springfield, Ill., to $377.13 for Atlantic City. The latter city, as a resort community, is of course subject to substantially larger seasonal population which might affect its net debt figure. The per capita net debt of the 260 cities reported by the five census groups, is $150.01 for group one, and $94.84, $95.15, $87.61, and $73.98, respectively, through group five.

Within the groups, the per capita

spread is from $84.14 for St. Louis to $205.44 for Philadelphia, in Group I; from $67.80 for Seattle to $194.27 for Newark, in Group II; $13.13 for Peoria, to $318.73 for Miami, in Group III; for Group IV, Springfield and Atlantic City, as given; and in Group V, from Sheboygan, with $12.03, to White Plains, with $366.52. The Canadian cities show a variation from $44.33 for St. John to $230.72 for Winnipeg.

TREND OF DEBT

Comparison was made of the gross debt and net debt exclusive of self-supporting for 217 cities of the United States and 12 cities of Canada that reported in both 1934 and 1935, as a gauge of the trend of city debt. The analysis shows for the 217 cities a growth in gross debt from $7,682,440,000 to $7,774,861,000, or $92,421,000, the per capita increase being from $183.79 to $186.00 for the year. The Canadian cities reduced their gross debt $7,527,000 to $488,584,000, the per capita reduction being from $263.00 to $259.01. Numerically, it is found that 99 cities in the United States increased, and 118 cities reduced, their gross debt, while four Canadian cities increased, and eight reduced, their total. This expansion in municipal credit may be attributed to many factors, including the financing of relief by bond issues, obtaining of PWA funds for local improvements, refunding operations involving both the funding of current indebtedness and extension of existing maturities, and the plentiful supply of capital available for investment in municipal securities at low rates of interest.

The analysis of net debt excluding self-supporting in the 217 cities (excluding Washington) showed a reduction of $105,305,000 from the total of $5,166,434,000 one year ago. New York City alone, however, showed a net reduction of $170,299,000, and as its figures for 1935 were estimated and not official they are deducted to obtain a more nearly accurate interpretation of trend. The remaining 216 cities show a net total increase from $3,698,500,000 to $3,764,500,000, with a per capita growth from $106.07 to $107.93, for the year. While 90 cities increased their net total, 126 cities effected a smaller net total reduction. Six Canadian cities reported a net increase, while five showed a reduction, the average per capitas not being computed because of incomplete data. By census groups, from I through V, the net per capitas for 1935 are $150.01, $105.11, $92.66, $88.31 and $75.04, respectively.

Bond sales by states and municipalities during 1934, as reported by *The Bond Buyer,* totaled $1,174,000,000, exclusive of $546,577,000 short-term loans; this figure was $46,905,000 larger than the previous year, and involved 4,647 issues as compared with 2,516 one year ago. Of the total, $230,461,000 represents loans made by PWA, and $42,885,000 by RFC, a falling off of the amounts the preceding year, which were $278,060,000 and $206,302,000, respectively. Refunding operations were reported for $277,000,000 during 1934. The same authority reported that voters approved $268,902,000 during 1934, as compared with $507,121,000 in 1933, and $132,196,000 in 1932.

The year 1934 was marked by extensive legislation designed to facilitate cities in obtaining federal funds for local improvement projects, and by court interpretations upon such legislation. The laws have tended to broaden the borrowing powers of cities, including that of issuing revenue, or special fund, bonds not involving the credit of the municipality; at the same time, there has been a tendency to provide for greater state supervision over local finances.

In May 1934 Congress enacted the municipal debt readjustment act, to be operative for an emergency period of two years. This measure has been discussed in the Review. The number of defaulted communities in the United States increased during 1934, *The Bond Buyer* being authority for the statement that at the end of the year there were 2,716 counties, municipalities, and special districts in default; most of them, however, in communities of less than 5,000 population, and involving possibly only 5 per cent of the total municipal debt of the nation. Progress toward refunding the defaulted status of many communities was made, but, unfortunately for the municipalities, not always in accordance with sound financial principles. The need of troubled municipalities is the development of a code for defaults, involving application and extension of the policies so well set forth by the Florida League of Municipalities,[1] as a safeguard against the threatened action of professional chiselers among their creditors. These policies provide for determining capacity to pay, upon the basis of a reasonable tax, upon real values, for adequate operating costs, and a statement of all facts to the creditors.

This tabulation was made possible through the voluntary coöperation of a large and growing number of public officials in cities throughout the United States and Canada, in addition to the citizen agencies in some instances. Their assistance is appreciated and is hereby acknowledged.

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[1] *Florida Municipal Record,* Sept., 1934.

BONDED DE
Compiled by the
From Data Furnished by Members of th

	Census 1930	Gross Bonded De General Improvement	 Public Schools	
Group I				
Pop. 500,000 and over				
New York, N. Y.[1]	6,930,446	337,473,547	41,939,500	
Chicago, Ill.[2]	3,376,438	722,219,815*	365,000,000*	1
Philadelphia, Pa.[3]	1,950,961	552,154,500	64,361,000	
Detroit, Mich.[4]	1,568,662	182,064,948	73,602,520	
Los Angeles, Calif.[5]	1,238,048	55,906,650	49,632,593	
Cleveland, Ohio[6]	900,430	87,059,895	18,317,250	
St. Louis, Mo.	821,960	72,541,000	3,996,000	
Baltimore, Md.[7]	804,874	130,499,483	26,745,227	
Boston, Mass.[8]	781,188	80,479,300	7,952,000	
Pittsburgh, Pa.	669,817	56,240,572	21,159,655	
San Francisco, Calif.[9]	634,394	42,706,000	14,975,000	
Milwaukee, Wis.[10]	578,249	50,522,287	8,972,233	
Buffalo, N. Y.	573,076	74,841,932	22,259,000	
Group II				
Pop. 300,000 to 500,000				
Washington, D. C.	486,869	No bonded	debt	
Minneapolis, Minn.[11]	464,356	32,007,927	20,645,424	
New Orleans, La.[12]	458,762	51,973,000	5,305,000	
Cincinnati, Ohio[13]	451,160	48,270,719	15,944,000	
Newark, N. J.[14]	442,337	68,198,000	19,660,200	
Kansas City, Mo.	399,746	26,211,000	19,915,000	
Seattle, Wash.[15]	365,583	14,328,500	11,111,655	
Indianapolis, Ind.	364,161	16,797,681	9,994,000	
Rochester, N. Y.	328,132	30,548,000	16,677,000	
Jersey City, N. J.	316,715	32,236,166	14,646,000	
Louisville, Ky.[16]	307,745	27,517,400	10,966,400	
Portland, Ore.[17]	301,815	24,858,505	8,570,657	
Group III				
Pop. 100,000 to 300,000				
Houston, Texas	292,352	28,803,750	10,992,500	
Toledo, Ohio	290,718	27,134,500	13,741,000	
Columbus, Ohio[18]	290,564	20,265,240	8,912,530	
Denver, Colo.[19]	287,861	4,018,000	8,715,000	
Oakland, Calif.[20]	284,063	10,066,931	10,918,033	
St. Paul, Minn.	271,606	10,971,000	9,738,000	
Atlanta, Ga.	270,366	19,387,000	10,424,000	
Dallas, Texas	260,475	5,615,000	5,367,600	
Birmingham, Ala.	259,678	17,244,000	7,274,250	
Akron, Ohio	255,040	22,864,014	8,273,267	
Memphis, Tenn.	253,143	15,794,000	6,220,000	
Providence, R. I.	252,981	25,006,000	14,478,000	
San Antonio, Texas	231,542	15,923,500	7,848,000	
Omaha, Neb.[21]	214,006	12,198,097	8,723,750	
Syracuse, N. Y.	209,326	22,091,470	8,305,493	

CORRECTION NOTICE

Please insert this sticker at page 339 of the June, 1935, issue of the NATIONAL MUNICIPAL REVIEW, to correct the following error:

In the table on "Bonded Debt of 274 Cities as at January 1, 1935", figures for New York and Chicago have been reversed in the first three columns under "Gross Bonded Debt". These three columns should read as follows:

	Gross Bonded Debt General Improvement	 Public Schools	 Public Utilities
New York	$722,219,815*	365,000,000*	1,300,000,000*
Chicago	337,473,547	41,939,500	5,750,000

ambers of Commerce

Net Bonded Debt Total	 Excluding Self-supporting	 Per Capita Excluding S. S.	Total Gross Spec. Assessment	
7,633,812	1,297,633,812*	187.24		1
5,163,047	385,163,047	114.07	3,289,000	2
0,802,612	400,802,612	205.44	N	3
0,516,201	254,779,291	162.42	5,159,645	4
2,643,941	105,539,243	85.25	10,249,250	5
7,965,805	97,316,305	108.08	5,109,827	6
7,039,767	69,162,634	84.14	N	7
3,205,498	116,383,342	144.60	....	8
3,402,957	69,368,810	88.80	....	9
1,616,882	74,219,300	110.80	N	10
5,086,000	103,676,000	163.43	N	11
4,474,900	54,474,900	94.21	N	12
7,932,941	95,972,564	167.47	219,710	13
				14
1,844,290	48,707,017	104.89	7,448,520	15
0,278,000	57,278,000	124.85	7,854,080	16
7,391,841	38,876,194	86.17	5,183,213	17
5,263,879	85,934,099	194.27	....	18
3,635,000	41,922,000	104.87	N	19
6,999,758	24,788,258	67.80	22,206,724	20
5,177,059	25,177,059	69.14	3,785,492	21
1,233,200	45,204,603	137.76	9,665,000	22
4,910,006	42,647,149	134.65	N	23
2,597,631	31,518,631	102.42	N	24
5,176,832	30,211,844	100.10	5,829,789	25
8,594,047	35,642,462	121.92	N	26
9,674,785	38,758,785	133.32	308,945	27
9,938,219	24,920,771	85.77	5,433,137	28
6,293,834	26,040,673	90.46	7,572,400	29
0,504,964	20,984,964	73.87	N	30
0,139,719	24,563,063	90.44	7,400,000	31
2,083,213	9,862,528	36.48	338,900	32
4,790,912	23,351,282	89.65	N	33
9,066,286	18,966,286	73.04	3,040,000	34
9,647,187	30,610,396	120.02	5,610,149	35
5,872,672	20,457,564	80.81	316,000	36
3,296,747	29,831,651	117.92	....	37
9,023,043	22,715,245	98.10	322,500	38
3,162,464	19,182,862	89.64	4,827,000	39
6,284,738	30,222,363	144.38	2,624,000	40

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well set forth by the Florida League of Municipalities,[1] as a safeguard against the threatened action of professional chiselers among their creditors. These policies provide for determining capacity to pay, upon the basis of a reasonable tax, upon real values, for adequate operating costs, and a statement of all facts to the creditors.

This tabulation was made possible through the voluntary coöperation of a large and growing number of public officials in cities throughout the United

BONDED DEBT OF 274 CITIES AS AT JANUARY 1, 1935

Compiled by the Detroit Bureau of Governmental Research, Inc.
From Data Furnished by Members of the Governmental Research Association, City Officials, and Chambers of Commerce

		Gross Bonded Debt				Sinking Fund				Net Bonded Debt			Total	
	Census 1930	General Improvement	Public Schools	Public Utilities	Total	Total	Gen'l Improvement (per cent)	Public School (per cent)	Public Utility (per cent)	Total	Excluding Self-supporting	Per Capita Excluding S. S.	Gross Spec. Assessment	
Group I														
Pop. 500,000 and over														
New York, N. Y.[1]	6,930,446	337,473,547	41,939,500	5,750,000	2,387,219,815	489,586,003	40	..	60	1,897,633,812	1,297,633,812*	187.24		1
Chicago, Ill.[2]	3,376,438	722,219,815*	365,000,000*	1,300,000,000*	385,163,047	N	..	..	..	385,163,047	385,163,047	114.07	3,289,000	2
Philadelphia, Pa.[3]	1,950,961	552,154,500	64,361,000		616,515,500	155,712,888	82	18	..	460,802,612	400,802,612	205.44	N	3
Detroit, Mich.[4]	1,568,662	182,064,948	73,602,520	127,469,063	383,136,531	32,620,330	39	30	31	350,516,201	254,779,291	162.42	5,159,645	4
Los Angeles, Calif.[5]	1,238,048	55,906,650	49,632,593	129,940,910	235,480,153	2,836,212	N	N	100	232,643,941	105,539,243	85.25	10,249,250	5
Cleveland, Ohio[6]	900,430	87,059,895	18,317,250	30,649,500	136,026,645	8,060,840	84	16	..	127,965,805	97,316,305	108.08	5,109,827	6
St. Louis, Mo.	821,960	72,541,000	3,996,000	8,316,000	84,853,000	7,813,233	77	17	6	77,039,767	69,162,634	84.14	N	7
Baltimore, Md.[7]	804,874	130,499,483	26,745,227	36,504,870	193,749,580	30,544,082	85	4	11	163,205,498	116,383,342	144.60	....	8
Boston, Mass.[8]	781,188	80,479,300	7,952,000	78,278,700	166,710,000	33,307,043	48	9	43	133,402,957	69,368,810	88.80	....	9
Pittsburgh, Pa.	669,817	56,240,572	21,159,655	7,474,928	84,875,155	3,258,273	54	44	2	81,616,882	74,219,300	110.80	N	10
San Francisco, Calif.[9]	634,394	42,706,000	14,975,000	107,405,000	165,086,000	N	..	..	..	165,086,000	103,676,000	163.43	N	11
Milwaukee, Wis.[10]	578,249	50,522,287	8,972,233	1,000	59,495,520	5,020,620	82	18	0	54,474,900	54,474,900	94.21	N	12
Buffalo, N. Y.	573,076	74,841,932	22,259,000	16,958,020	114,058,952	6,126,011	18	..	82	107,932,941	95,972,564	167.47	219,710	13
Group II														
Pop. 300,000 to 500,000														
Washington, D. C.	486,869	No bonded debt												14
Minneapolis, Minn.[11]	464,356	32,007,927	20,645,424	3,988,000	56,641,351	4,797,061	58	37	5	51,844,290	48,707,017	104.89	7,448,520	15
New Orleans, La.[12]	458,762	51,973,000	5,305,000	3,000,000	60,278,000	N	..	..	..	60,278,000	57,278,000	124.85	7,854,080	16
Cincinnati, Ohio[13]	451,160	48,270,719	15,944,000	41,176,530	105,391,249	37,999,408	48	9	43	67,391,841	38,876,194	86.17	5,183,213	17
Newark, N. J.[14]	442,337	68,198,000	19,660,200	32,185,000	120,043,200	14,779,321	49	32	19	105,263,879	85,934,099	194.27	....	18
Kansas City, Mo.	399,746	26,211,000	19,915,000	13,449,000	59,575,000	5,940,000	18	53	29	53,635,000	41,922,000	104.87	N	19
Seattle, Wash.[15]	365,583	14,328,500	11,111,655	52,211,500	77,651,655	651,897	64	36	N	76,999,758	24,788,258	67.80	22,206,724	20
Indianapolis, Ind.	364,161	16,797,681	9,994,000	N	26,791,681	1,614,622	37	63	N	25,177,059	25,177,059	69.14	3,785,492	21
Rochester, N. Y.	328,132	30,548,000	16,677,000	8,623,500	55,848,500	4,615,300	24	20	56	51,233,200	45,204,603	137.76	9,665,000	22
Jersey City, N. J.	316,715	32,236,166	14,646,000	15,491,255	62,373,421	7,463,415	36	21	43	54,910,006	42,647,149	134.65	N	23
Louisville, Ky.[16]	307,745	27,517,400	10,966,400	1,079,000	39,562,800	6,965,169	..	..	..	32,597,631	31,518,631	102.42	N	24
Portland, Ore.[17]	301,815	24,858,505	8,570,657	20,997,000	54,426,162	9,249,330	35	..	65	45,176,832	30,211,844	100.10	5,829,789	25
Group III														
Pop. 100,000 to 300,000														
Houston, Texas	292,352	28,803,750	10,992,500	3,651,000	43,447,250	4,853,203	61	25	14	38,594,047	35,642,462	121.92	N	26
Toledo, Ohio	290,718	27,134,500	13,741,000	916,000	41,791,500	2,116,715	45	55	..	39,674,785	38,758,785	133.32	308,945	27
Columbus, Ohio[18]	290,564	20,265,240	8,912,530	8,196,500	37,374,270	7,436,051	41	37	22	29,938,219	24,920,771	85.77	5,433,137	28
Denver, Colo.[19]	287,861	4,018,000	8,715,000	34,215,200	46,948,200	654,366	47	..	53	46,293,834	26,040,673	90.46	7,572,400	29
Oakland, Calif.[20]	284,063	10,066,931	10,918,033	39,520,000	60,504,964	N	..	..	..	60,504,964	20,984,964	73.87	N	30
St. Paul, Minn.	271,606	10,971,000	9,738,000	100,000	36,558,000	6,418,281	43	39	18	30,139,719	24,563,063	90.44	7,400,000	31
Atlanta, Ga.	270,366	19,387,000	10,424,000	6,747,000	13,629,600	1,546,387	53	19	28	12,083,213	9,862,528	36.48	338,900	32
Dallas, Texas	260,475	5,615,000	5,367,600	2,647,000	36,856,250	2,065,338	43	14	43	34,790,912	23,351,282	89.65	N	33
Birmingham, Ala.	259,678	17,244,000	7,274,250	12,338,000	20,809,000	1,742,714	100	..	..	19,066,286	18,966,286	73.04	3,040,000	34
Akron, Ohio	255,040	22,864,014	8,273,267	10,388,920	41,526,201	1,879,014	8	20	72	39,647,187	30,610,396	120.02	5,610,149	35
Memphis, Tenn.	253,143	15,794,000	6,220,000	5,827,000	27,841,000	1,968,328	44	35	21	25,872,672	20,457,564	80.81	316,000	36
Providence, R. I.	252,981	25,006,000	14,478,000	19,500,000	58,984,000	15,687,253	46	15	39	43,296,747	29,831,651	117.92	....	37
San Antonio, Texas	231,542	15,923,500	7,848,000	6,422,000	30,193,500	1,170,457	55	35	10	29,023,043	22,715,245	98.10	322,500	38
Omaha, Neb.[21]	214,006	12,198,097	8,723,750	7,981,000	28,902,847	5,740,383	17	13	70	23,162,464	19,182,862	89.64	4,827,000	39
Syracuse, N. Y.	209,326	22,091,470	8,305,493	6,062,375	36,459,338	174,600	100	..	..	36,284,738	30,222,363	144.38	2,624,000	40

			Gross Bonded Debt				Sinking Fund				Net Bonded Debt			Total	
		Census 1930	General Improvements	Public Schools	Public Utilities	Total	Total	Gen'l Improvement (per cent)	Public School (per cent)	Public Utility (per cent)	Total	Excluding Self-supporting	Per Capita Excluding S. S.	Gross Spec. Assessment	
41	Dayton, Ohio[22]	200,982	9,808,590	7,890,734	4,869,000	22,568,324	1,613,878	44	..	56	20,954,446	16,981,717	84.49	754,776	41
42	Worcester, Mass.	195,311	9,258,000	579,000	3,237,400	13,074,400	485,131	93	..	7	12,589,269	9,383,579	48.04	....	42
43	Oklahoma City, Okla.	185,389	10,424,600	6,334,790	5,842,200	22,601,590	7,572,040	39	20	41	15,029,550	12,301,650	66.36	5,230,015	43
44	Richmond, Va.[23]	182,929	24,460,642	6,184,438	7,155,550	37,800,630	11,806,978	68	14	18	25,993,652	21,010,557	114,86	N	44
45	Youngstown, Ohio [24]	170,002	6,206,998	2,714,100	1,005,000	9,926,098	57,000*	100	..	..	9,869,098	8,864,098	52.14	837,881	45
46	Grand Rapids, Mich.	168,592	7,988,600	3,855,662	2,855,000	14,699,262	2,062,905	53	N	47	12,636,357	10,751,741	63.77	2,410,600	46
47	Hartford, Conn.	164,072	13,167,000	7,147,000	3,420,000	23,734,000	3,572,763	54	34	12	20,161,237	17,176,541	104.69	N	47
48	Fort Worth, Texas	163,447	15,616,000	4,420,000	5,689,000	25,725,000	2,440,262	31	36	33	23,284,738	18,404,440	112.60	N	48
49	New Haven, Conn.	162,655	15,812,000	355,000	N	16,167,000	933,236	84	16	..	15,233,764	15,233,764	93.66	N	49
50	Flint, Mich.	156,492	8,310,500	7,912,000	2,275,500	18,498,000	2,387,488	30	37	33	16,110,512	14,617,202	93.41	2,319,000	50
51	Nashville, Tenn.[25]	153,866	12,107,000	1,933,000	3,742,000	17,782,000	2,044,402	..	..	..	15,737,598	11,995,598	77.96	371,000	51
52	Springfield, Mass.	149,900	8,857,000	2,057,000	7,247,000	18,161,000	N	..	..	..	18,161,000	10,914,000	72.81	....	52
53	San Diego, Calif.	147,995	3,692,557	4,816,375	12,742,584	21,251,516	N	..	..	..	21,251,516	21,251,516	143.60	....	53
54	Bridgeport, Conn.	146,716	12,206,000	3,825,450	N	16,031,450	N	..	..	..	16,031,450	16,031,450	109.27	....	54
55	Scranton, Pa.	143,433	2,362,000	6,170,000	N	8,532,000	551,498	12	88	N	7,980,502	7,980,502	55.64	851,219	55
56	Des Moines, Ia.	142,559	5,620,347	7,565,000	5,228,000	18,413,347	706,342	N	N	100	17,707,005	13,185,347	92.49	....	56
57	Long Beach, Calif.[26]	142,032	10,453,624	7,083,630	8,835,200	26,372,454	N	..	..	..	26,372,454	20,076,454	141.35	1,965,731	57
58	Tulsa, Okla.	141,258	10,970,785	5,159,907	5,211,000	21,341,692	2,433,329	75	25	N	18,908,363	13,697,363	96.97	....	58
59	Salt Lake City, Utah	140,267	3,837,500	4,043,000	4,743,000	12,623,500	164,421	46	54	N	12,459,079	7,716,079	55.01	522,000	59
60	Paterson, N. J.	138,513	10,317,000*	7,000,514*	13,538,000	30,855,514	2,566,037*	60	40	N	28,289,477	14,751,477*	106.50	....	60
61	Yonkers, N. Y.	134,646	19,335,050	9,538,750	4,451,750	33,325,550	N	..	..	..	33,325,550	28,873,800	214.44	2,677,600	61
62	Norfolk, Va.[27]	129,710	20,352,352	6,034,076	14,504,772	40,891,200	10,026,356	47	13	40	30,864,844	20,346,647	156.86	N	62
63	Jacksonville, Fla.[28]	129,549	5,688,500	4,098,000	4,757,500	14,544,000	754,965	65	35	..	13,789,035	9,031,535	69.72	916,000	63
64	Albany, N. Y.	127,412	12,170,770	5,351,650	12,732,500	30,254,920	1,897,831	86	..	14	28,357,089	15,885,613	124.68	1,890,800	64
65	Trenton, N. J.	123,356	9,973,018	7,318,550	1,002,000	18,293,568	2,312,213	45	32	23	15,981,355	15,520,035	125.81	210,000	65
66	Kansas City, Kan.[29]	121,857	3,881,860	1,571,000	5,936,000	11,388,860	2,860,780	7	10	83	8,528,080	4,973,613	40.82	457,852	66
67	Chattanooga, Tenn.	119,798	11,144,500	2,303,000	N	13,447,500	390,993	..	..	..	13,056,507	13,056,507	108.99	1,243,156	67
68	Camden, N. J.	118,700	16,145,693	4,015,000	1,480,925	21,641,618	2,316,492	71	22	7	19,325,126	18,001,885	151.66	860,000	68
69	Erie, Pa.	115,967	6,159,000	5,398,000	1,410,000	12,967,000	312,155	81	..	19	12,654,845	11,304,845	97.48	1,034,210	69
70	Spokane, Wash.	115,514	2,678,000	1,045,000	360,000	4,083,000	195,583	45	33	22	3,887,417	3,571,222	30.92	1,426,574	70
71	Fall River, Mass.	115,274	5,700,500	2,013,500	204,000	7,918,000	711,000	100	..	..	7,207,000	7,003,000	60.75	N	71
72	Fort Wayne, Ind.	114,946	910,000	2,782,000	2,305,000	5,997,000					5,997,000	3,206,000	27.89	....	72
73	Elizabeth, N. J.	114,589	7,068,893	5,574,350	4,779,000	17,422,243	667,848	..	..	..	16,754,395	11,975,395	104.51	485,884	73
74	Cambridge, Mass.	113,643	Not reported												74
75	New Bedford, Mass.	112,597	5,683,911	2,369,000	1,433,000	9,485,911	839,403	100	N	N	8,646,508	8,646,508	76.79	N	75
76	Reading, Pa.	111,171	4.096,000	7,591,500	2,598,000	14,285,500	388,547	42	56	2	13,896,953	11,305,435	101.69	497,500	76
77	Wichita, Kansas	111,110	4,533,494	3,206,399	N	7,739,893	15,257	N	100	N	7,724,636	7,724,636	69.52	2,272,142	77
78	Miami, Fla.[30]	110,637	27,526,000	7,288,000	780,000	35,594,000	25,766	12	40	48	35,568,234	35,263,234	318.73	579,000	78
79	Tacoma, Wash.[31]	106,817	2,620,000	1,883,000	11,043,495	15,546,495	605,525	62	27	11	14,940,970	3,961,297	37.08	1,731,354	79
80	Wilmington, Del.	106,597	8,324,350	1,021,000	4,515,000	13,860,350	1,290,581	100	..	..	12,569,769	8,054,769	75.56	....	80
81	Knoxville, Tenn.	105,802	18,805,571	2,255,000	4,563,822	25,624,393	1,714,857	87	..	13	23,909,536	19,575,096	185.03	75,548	81
82	Peoria, Ill.	104,969	1,177,000	201,000	N	1,378,000	N	..	..	..	1,378,000	1,378,000	13.13	1,800,000	82
83	Canton, Ohio	104,906	4,564,345	5,434,000	996,000	10,994,345	1,746,481	57	29	14	9,247,864	8,498,194	81.01	1,651,158	83
84	South Bend, Ind.	104,193	Not reported												84
85	Somerville, Mass.	103,908	1,436,000	2,280,000	N	3,716,000	N	..	..	..	3,716,000	3,716,000	35.76	250,000	85

			Gross Bonded Debt				Sinking Fund				Net Bonded Debt			Total	
		Census 1930	General Improvement	Public Schools	Public Utilities	Total	Total	Gen'l Improvement (per cent)	Public School (per cent)	Public Utility (per cent)	Total	Excluding Self-supporting	Per Capita Excluding S. S.	Gross Spec. Assessment	
86	El Paso, Texas	102,421	4,548,000	2,818,000	1,862,000	9,228,000	1,461,767	48	39	13	7,766,233	6,097,867	59.54	498,000	86
87	Lynn, Mass.	102,320	3,759,800	2,619,000	521,500	6,900,300	217,030	100	..	..	6,683,270	6,161,770	60.22	....	87
88	Evansville, Ind.	102,249	1,166,200	2,043,500	1,270,000	4,479,700	121,871	81	..	19	4,357,829	3,606,829	35.27	330,852	88
89	Utica, N. Y.	101,740	11,257,540	1,320,042*	N	12,577,582	301,040	100	..	..	12,276,542	12,276,542	120.65	309,746	89
90	Duluth, Minn.[32]	101,463	5,289,667	3,550,000	2,431,000	11,270,667	N	..	..	..	11,270,667	8,839,667	87.12	111,000	90
91	Tampa, Fla.	101,161	10,990,000	3,435,200	2,643,000	17,068,200	1,292,360	100	..	..	15,775,840	13,132,860	129.82	154,525	91
92	Gary, Ind.	100,426	2,400,297	3,488,000	N	5,888,297	35,347	52	48	N	5,852,950	5,852,950	58.28	4,535,152	92
93	Lowell, Mass.	100,234	3,144,743	1,536,000*	395,000	5,075,743					5,075,743	4,680,743	46.69	....	93
	Group IV														
	Pop. 50,000 to 100,000														
94	Waterbury, Conn.	99,902	7,245,000	1,369,000	7,040,000	15,654,000	177,363	100	N	N	15,476,637	8,436,637	84.45	N	94
95	Schenectady, N. Y.	95,692	8,510,484	2,577,000*	541,000	11,628,484	127,636	100	..	..	11,500,848	10,959,848	114.42	....	95
96	Sacramento, Calif.[33]	93,750	3,539,405	5,695,000	3,704,310	12,938,715	N	..	..	..	12,938,715	9,234,405	98.50	1,391,402	96
97	Allentown, Pa.	92,563	5,204,700	4,615,000	N	9,819,700	892,319	20	80	N	8,927,381	8,927,381	96.45	374,000	97
98	Bayonne, N. J.	88,979	4,539,968	3,531,500	3,460,000	11,531,468	131,410	100	..		11,400,058	8,199,121	92.14	....	98
99	Wilkes-Barre, Pa.	86,626	2,981,500	624,000	N	3,605,500	128,028	60	40	N	3,477,472	3,477,472	40.14	100,500	99
100	Rockford, Ill.	85,864	253,500	1,105,000	150,000	1,508,500	N	..	..	..	1,508,500	1,358,500	15.82	3,640,000	100
101	Lawrence, Mass.	85,068	2,396,683	1,051,500	188,000	3,636,183	56,400	..	..	100	3,579,783	3,448,183	40.53	N	101
102	Savannah, Ga.	85,024	3,522,500	272,000	170,000	3,964,500	50,875	100	..	..	3,913,625	3,743,625	44.03	....	102
103	Charlotte, N. C.	82,675	6,969,056	1,620,000	1,832,444	10,421,500	511,738	100	..	..	9,909,762	8,077,318	97.70	2,002,000	103
104	Berkeley, Calif.	82,109	755,883	1,867,750	7,750,000	10,373,633	66,392	100	..	..	10,307,241	2,557,241	31.14	196,930	104
105	Altoona, Pa.	82,054	Not reported												105
106	Little Rock, Ark.	81,679	2,072,000	2,184,000		4,256,000	68,750	100	..	..	4,187,250	4,187,250	51.26	....	106
107	St. Joseph, Mo.	80,935	3,881,000	2,423,000	N	6,304,000	52,036	19	81	N	6,251,964	6,251,964	77.25	189,509	107
108	Saginaw, Mich.	80,715	666,000	1,154,000	2,905,000	4,725,000	578,396	61	20	19	4,146,604	1,352,725	16.76	1,066,000	108
109	Harrisburg, Pa.	80,339	3,048,500	2,630,346	1,085,400	6,764,246	104,628	..	..	100	6,659,618	5,678,846	70.69	340,300	109
110	Sioux City, Iowa	79,183	2,577,300	2,032,000	25,000	4,634,300	706,407	72	28	..	3,927,893	3,902,893	49.29	N	110
111	Lansing, Mich.[34]	78,397	2,158,000	N	2,677,000	4,835,000	N	..	..	..	4,835,000	2,158,000	27.52	305,000	111
112	Pawtucket, R. I.	77,149	9,918,000	3,979,000	3,051,000	16,948,000	2,959,751	72	..	28	13,988,249	11.758.026	152.41	.. ...	112
113	Manchester, N. H.	76,834	2,524,993	1,047,507	213,000	3,785,500	N	..	..	..	3,785,500	3,572,500	46.50	N	113
114	Binghamton, N. Y.	76,662	3,341,044	3,383,925	55,000	6,779,969	104,510	100	..	..	6,675,459	6,620,459	86.36	N	114
115	Shreveport, La.	76,655	5,794,500	1,292,000	3,249,500	10,336,000	120,768	32	23	45	10,215,232	7,020,474	91.58	....	115
116	Pasadena, Calif.[34]	76,086	3,984,961	3,336,930	6,510,439	13,832,330	263,536	45	..	55	13,568,794	7,202,508	94.66	3,246,944	116
117	Lincoln, Neb.	75,933	1,126,003	3,868,500	1,817,000	6,811,503	409,508	42	..	58	6,401,995	4,822,952	63.52	1,027,979	117
118	Huntington, W. Va.	75,572	1,807,500	963,000	N	2,770,500	376,500	100	..	..	2,394,000	2,394,000	31.68	N	118
119	Niagara Falls, N. Y.	75,460	6,077,150	5,684,129	1,785,330	13,546,609	367,169	..	..	100	13,179,440	11,761,279	155.86	....	119
120	Winston Salem, N. C.	75,274	10,753,400	3,367,000	2,755,000	16,875,400	428,020	64	11	25	16,447,380	13,798,695	183.31	1,351,000	120
121	East St. Louis, Ill.	74,347	Not reported												121
122	Troy, N. Y.	72,763	5,869,648	1,324,194	872,175	8,066,017	N	..	..	..	8,066,017	7,193,842	98.87	N	122
123	Quincy, Mass.	71,983	Not reported												123
124	Springfield, Ill.[34]	71,864	162,000	216,000	3,638,000	4,016,000	129,465	41	..	59	3,886,535	324,834	4.52	N	124
125	Portland, Me.	70,810	Not reported												125
126	Lakewood, Ohio	70,509	Not reported												126
127	Roanoke, Va.	69,206	5,173,000	2,650,000	N	7,823,000	1,670,734	75	25	..	6,152,266	6,152,266	88.90	N	127
128	Springfield, Ohio	68,743	4,525,295	1,605,000	390,000	6,520,295	264,856	97	3	..	6,255,439	5,865,439	85.32	540,000	128
129	Mobile, Ala.	68,202	2,675,000	990,000	1,905,000	5,570,000	1,291,553	100	..	..	4,278,447	2,373,447	34.80	4,206,000	129

			Gross Bonded Debt				Sinking Fund				Net Bonded Debt			Total	
		Census 1930	General Improvement	Public Schools	Public Utilities	Total	Total	Gen'l Improvement (per cent)	Public School (per cent)	Public Utility (per cent)	Total	Excluding Self-supporting	Per Capita Excluding S. S.	Gross Spec. Assessment	
130	New Britain, Conn.[35]	68,128	1,928,000	3,081,000	1,722,000	6,731,000	738,472	39	14	47	5,992,528	4,615,685	67.75	N	130
131	East Orange, N. J.	68,020	9,550,500	3,123,445	736,000	13,409,945	800,088	18	52	30	12,609,857	12,109,670	178,03	....	131
132	Racine, Wis.	67,542	2,325,000	1,407,000	1,013,000	4,745,000	196,000	100	..	..	4,549,000	3,536,000	52.35	514,188	132
133	Johnstown, Pa.	66,993	4,338,000	4,285,000	N	8,623,000	701,127	82	18	N	7,921,873	7,921,873	118.25	N	133
134	Cicero, Ill.	66,602	Not reported												134
135	Atlantic City, N. J.	66,198	23,185,531	3,807,000	2,500,000	29,492,531	2,618,693	58	20	22	26,873,838	24,965,514	377.13	N	135
136	Montgomery, Ala.	66,079	5,396,765	2,333,000	1,770,000	9,499,765	708,929	100	..	..	8,790,836	7,020,836	106.24	....	136
137	Newton, Mass.	65,276	4,751,000	2,280,000	508,000	7,539,000	933,259	100	..	..	6,605,741	6,097,741	93.41	N	137
138	Covington, Ky.	65,252	1,058,700	750,000	2,022,000	3,830,700	N	..	..	..	3,830,700	1,808,700	27.72	....	138
139	Pontiac, Mich.	64,928	3,870,950	3,585,109	1,553,500	9,009,559	562,075	N	91	9	8,447,484	6,944,984	106.96	1,817,600	139
140	Hammond, Ind.	64,560	939,670	1,324,000	670,000	2,933,670	93,000	100	N	N	2,840,670	2,170,670	33.62	5,969,500	140
141	Topeka, Kan.	64,120	1,297,260	2,091,703	663,300	4,052,263	303,415	N	7	93	3,748,848	3,368,111	52.53	837,490	141
142	Oak Park, Ill.	63,982	989,500	2,771,000		3,760,500	359,643	..	100	..	3,400,857	3,400,857	53.15	1,249,896	142
143	Brockton, Mass.	63,797	1,181,500	213,350	1,122,900	2,517,750	182,970	..	..	100	2,334,780	1,394,850	21.86	....	143
144	Evanston, Ill.	63,338	584,000	3,863,000	80,000	4,527,000	7,500	..	..	100	4,519,500	4,447,000	70.21	2,697,594	144
145	Passaic, N. J.	62,959	8,461,500	2,431,250*	6,396,000	17,288,750	1,089,966	75	25	..	16,198,784	9,802,784	155.70	....	145
146	Terre Haute, Ind.	62,810	Not reported												146
147	Glendale, Calif.[34]	62,736	1,442,250	4,045,760	464,020	5,952,030	138,012	44	..	56	5,814,018	5,426,630	86.50	1,242,274	147
148	Charleston, S. C.	62,265	Not reported												148
149	Wheeling, W. Va.	61,659	1,026,400	422,000	1,543,000	2,991,400	17,554	100	N	N	2,973,846	2,973,846	48.23	....	149
150	Mt. Vernon, N. Y.	61,499	7,833,000	4,929,050	2,633,000	15,395,050	1,657,689	32	..	68	13,737,361	12,148,493	197.54	127,000	150
151	Davenport, Ia.	60,751	Not reported												151
152	Charleston, W. Va.	60,408	Not reported												152
153	Augusta, Ga.	60,342	Not reported												153
154	Lancaster, Pa.	59,949	4,795,000	3,110,000	N	7,905,000	754,207	10	90	..	7,150,793	7,150,793	119.28	....	154
155	Medford, Mass.	59,714	1,863,500	1,384,200	402,000	3,649,700	30,000	100	..	..	3,619,700	3,217,700	53.89	....	155
156	Hoboken, N. J.	59,261	7,699,545	3,377,575*	245,000	11,322,120	1,646,927	94	..	6	9,675,193	9,523,820	160.71	....	156
157	Chester, Pa.	59,164	3,594,000	2,175,000	N	5,769,000	1,330,135	38	62	N	4,438,865	4,438,865	75.03	416,500	157
158	Union City, N. J.	58,659	6,540,022	1,984,000*	N	8,524,022	638,097	75	25	..	7,885,925	7,885,925	134.64	....	158
159	Malden, Mass.	58,036	1,891,227	757,000	39,000	2,687,227	246,301	100	..	..	2,440,926	2,401,926	41.39	N	159
160	Madison, Wis.	57,899	5,269,500	2,677,000	150,000	8,096,500	67,717	67	33	..	8,028,783	7,878,783	136.08	744,300	160
161	Bethlehem, Pa.	57,892	2,215,400	3,364,500	1,175,000	6,754,900	1,641,867	32	60	8	5,113,033	4,065,556	70.23	78,000	161
162	Beaumont, Texas[36]	57,732	4,798,500	2,280,138	2,560,500	9,639,138	797,538	31	22	47	8,841,600	8,189,600	141.86	N	162
163	San Jose, Calif.	57,651	Not reported												163
164	Springfield, Mo.	57,527	1,528,000	1,743,500	N	3,271,500	263,658	43	57	N	3,007,842	3,007,842	52.29	....	164
165	Decatur, Ill.	57,510	Not reported												165
166	Irvington, N. J.	56,733	3,813,675	4,167,150*	N	7,980,825	345,267	60	40	..	7,635,558	7,635,558	134.59	527,000	166
167	Holyoke, Mass.[37]	56,537	1,301,500	584,000	1,391,000—	3,276,500	N	..	..	..	3,276,500	1,885,000	33.34	N	167
168	Hamtramck, Mich.	56,268	3,797,533	3,515,500		7,313,033	997,024	44	56	..	6,316,009	6,316,009	112.25	83,390	168
169	Cedar Rapids, Ia.	56,097	2,247,000	2,000,000	760,000	5,007,000	379,924	..	100	..	4,627,076	3,867,076	68.94	....	169
170	York, Pa.	55,254	1,106,500	1,863,000	N	2,969,500	249,020	86	14	N	2,720,480	2,720,480	49.24	41,200	170
171	Jackson, Mich.	55,187	1,663,729	2,128,000	1,079,375	4,871,104	25,000	..	100	..	4,846,104	3,766,729	68.25	390,000	171
172	Kalamazoo, Mich.	54,786	177,000	1,998,000	N	2,175,000	N	..	..	..	2,175,000	2,175,000	39.70	272,500	172
173	East Chicago, Ind.	54,784	1,102,000	1,460,000	2,328,000	4,890,000	275,795	4	..	96	4,614,205	2,550,345	46.55	872,931	173
174	McKeesport, Pa.	54,632	1,500,000	1,517,000	231,000	3,248,000	123,175	5	95	..	3,124,825	2,893,825	52.97	512,870	174

			Gross Bonded Debt				Sinking Fund				Net Bonded Debt			Total	
		Census 1930	General Improvement	Public Schools	Public Utilities	Total	Total	Gen'l Improvement (per cent)	Public School (per cent)	Public Utility (per cent)	Total	Excluding Self-supporting	Per Capita Excluding S. S.	Spec. Gross Assessment	
175	New Rochelle, N. Y.	54,000	8,886,700	6,247,176	N	15,133,876	266,186	..	..	..	14,867,690	14,867,690	275.33	88,003	175
176	Macon, Ga.	53,829	Not reported												176
177	Greensboro, N. C.	53,569	Not reported												177
178	Austin, Texas	53,120	3,360,000	1,089,000	1,353,000	5,802,000	25,131	..	..	..	5,776,869	4,423,869	83.28	N	178
179	Highland Park, Mich.	52,959	2,729,000	3,336,000	1,003,626	7,068,626	3,066,614	60	19	21	4,002,012	3,638,126	68.70	40,700	179
180	Galveston, Texas	52,938	6,304,500	1,756,000	629,500	8,690,000	853,957	78	6	16	7,836,043	6,156,303	116.29	....	180
181	Waco, Texas	52,848	2,942,500	1,555,900	2,203,000	6,701,400	1,152,190	58	26	16	5,549,210	3,525,178	66.70	N	181
182	Fresno, Calif.	52,513	838,500	3,405,000	2,520,000	6,763,500	N	..	..	..	6,763,500	4,243,500	80.81	....	182
183	Hamilton, Ohio[38]	52,176	1,120,933	1,521,000	1,419,200	4,061,133	64,269	..	..	100	3,996,864	2,641,933	50.64	385,353	183
184	Durham, N. C.	52,037	Not reported												184
185	Columbia, S. C.	51,581	Not reported												185
186	Cleveland Hts., Ohio	50,945	1,413,800	6,230,310	N	7,644,110	920,127	63	37	N	6,723,983	6,723,983	131.99	1,357,032	186
187	Port Arthur, Texas	50,902	4,362,500	2,056,000	833,500	7,252,000	637,914	35	62	3	6,614,086	5,798,861	113.92	14,000	187
188	Dearborn, Mich.	50,358	10,535,000	6,549,000	2,338,000	19,422,000	3,973,864	76	9	15	15,448,136	13,708,897	272.23	951,600	188
189	Kenosha, Wis.	50,262	331,000	2,574,000	119,000	3,024,000	N	..	..	..	3,024,000	2,905,000	57.80	....	189
190	Asheville, N. C.	50,193	15,123,581	2,908,000		18,031,581	N	..	..	..	18,031,581	18,031,581	359.24	....	190
191	Pueblo, Colo.	50,096	747,000	1,434,000	1,210,000	3,391,000	102,616	26	5	69	3,288,384	2,149,306	42.90	1,055,800	191
	Group V														
	Population 30,000 to 50,000														
192	Pittsfield, Mass.	49,677	549,000	996,000	254,000	1,799,000	N	..	..	..	1,799,000	1,545,000	31.10	....	192
193	Woonsocket, R. I.	49,376	5,949,000	1,118,000	935,000	8,002,000	1,201,424	88	8	4	6,800,576	5,916,700	119.83	N	193
194	Haverhill, Mass.	48,710	1,308,567	149,000	179,000	1,636,567	22,000	100	..	..	1,614,567	1,435,567	29.47	N	194
195	New Castle, Pa.	48,674	877,000	2,165,000	N	3,042,000	167,531	88	12	..	2,874,469	2,874,469	59.06	....	195
196	Everett, Mass.	48,424	935,823	1,111,000	86,000	2,132,823	95,965	100	..	..	2,036,858	2,036,858	42.06	....	196
197	Jackson, Miss.	48,282	Not reported												197
198	Phoenix, Ariz.	48,118	3,974,500	5,861,000*	5,373,000	15,208,500	131,180	32	..	68	15,077,320	9,793,969	203.54	1,472,559	198
199	Stockton, Calif.	47,963	5,817,875	780,000	N	6,597,875	N	..	..	..	6,597,875	6,597,875	137.56	294,233	199
200	Brookline, Mass.	47,490	783,000	962,000	329,000	2,074,000	N	..	..	..	2,074,000	1,745,000	36.74	....	200
201	Elmira, N. Y.	47,397	2,078,900	775,000	670,000	3,523,900	N	..	..	..	3,523,900	2,853,900	60.21	N	201
202	Bay City, Mich.	47,355	301,000	900,000	1,568,000	2,769,000	507,973	34	54	12	2,261,027	755,529	15.95	79,500	202
203	Berwyn, Ill.	47,027	Not reported												203
204	Clifton, N. J.	46,875	3,384,429	2,174,755	5,011,000	10,570,184	165,111	66	34	..	10,405,073	5,394,073	115.07	845,571	204
205	Aurora, Ill.	46,589	Not reported												205
206	Muncie, Ind.	46,548	Not reported												206
207	Stamford, Conn.	46,346	4,724,000	2,790,500	N	7,514,500	776,917	100	..	..	6,737,583	6,737,583	145.38	N	207
208	Waterloo, Ia.	46,191	Not reported												208
209	Chelsea, Mass.	45,816	1,487,800	560,500	50,000	2,098,300	420,443	100	..	..	1,677,857	1,627,857	35.53	N	209
210	Lexington, Ky.	45,736	2,235,500	960,000	N	3,195,500	346,598	..	..	..	2,848,902	2,848,902	62.29	107,274	210
211	Williamsport, Pa.	45,729	752,700	1,329,900	N	2,082,600	306,136	35	65	..	1,776,464	1,776,464	38.85	185,600	211
212	Portsmouth, Va.	45,704	5,370,100	747,000	2,975,000	9,092,100	1,966,391	32	..	68	7,125,709	5,486,855	120.05	N	212
213	Jamestown, N. Y.[34]	45,155	1,068,548	1,869,000	583,000	3,520,548	85,278	..	..	100	3,435,270	2,937,548	65.05	545,000	213
214	Lorain, Ohio	44,512	1,093,976	977,500	280,000	2,351,476	106,053	72	19	9	2,245,423	1,974,717	44.36	775,694	214
215	Chicopee, Mass.	43,930	966,500	203,900	436,000	1,606,400	N	..	..	..	1,606,400	1,170,400	26.64	N	215
216	Wichita Falls, Texas	43,690	2,696,500	1,855,000	693,000	5,244,500	150,875	93	7	..	5,093,625	4,400,625	100.72	N	216
217	Battle Creek, Mich.	43,575	1,348,500	1,116,500		2,465,000	N	..	..	..	2,465,000	2,465,000	56.57	....	217

			Gross Bonded Debt				Sinking Fund				Net Bonded Debt			Total	
		Census 1930	General Improvement	Public Schools	Public Utilities	Total	Total	Gen'l Improvement (per cent)	Public School (per cent)	Public Utility (per cent)	Total	Excluding Self-supporting	Per Capita Excluding S. S.	Gross Spec. Assessment	
218	Perth Amboy, N. J.	43,516	Not reported												218
219	Salem, Mass.	43,353	762,500	434,500	482,500	1,679,500	N	..	..	..	1,679,500	1,197,000	27.61	....	219
220	Amarillo, Texas	43,132	3,404,263	1,972,500	2,185,739	7,562,502	467,005	54	46	..	7,095,497	4,909,758	113.83	....	220
221	Columbus, Ga.	43,131	Not reported												221
222	Joliet, Ill.	42,993	556,000	2,996,000	150,000	3,702,00	N	..	..	..	3,702,000	3,702,000	86.11	1,019,128	222
223	Cranston, R. I.	42,911	1,408,500	2,711,000	N	4,119,500	344,129	100	..	..	3,775,371	3,775,371	87.98	N	223
224	Portsmouth, Ohio	42,560	Not reported												224
225	Lima, Ohio	42,287	3,534,991	677,000	647,000	4,858,991	3,000	100	N	N	4,855,991	4,208,991	99.53	238,015	225
226	Council Bluffs, Ia.	42,048	1,032,000	659,000	100,000	1,791,000	133,657	36	N	64	1,657,343	1,642,320	39.06	11,000	226
227	Montclair, N. J.	42,017	Not reported												227
228	Dubuque, Ia.[39]	41,679	1,377.063	967,000	550,000	2,894,063	625,414	40	28	32	2,268,649	2,194,354	52.65	419,900	228
229	Muskegon, Mich.	41,390	2,266,000	2,189,162	313,500	4,768,662	340,514	71	N	29	4,428,148	4,214,648	101.83	557,090	229
230	Warren, Ohio	41,062	1,486,127	1,741,300	548,400	3,775,827	173,884	..	28	72	3,601,943	3,178,543	77.41	534,400	230
231	Kearney, N. J.	40,716	3,155,128	2,131,700	7,368,000	12,654,828	705,144	51	49	..	11,949,684	4,581,684	112.53	1,007,000	231
232	Fitchburg, Mass.	40,692	1,075,000	253,000	453,900	1,781,900	N	..	..	..	1,781,900	1,328,000	32.64	N	232
233	Lynchburg, Va.	40,661	Not reported												233
234	St. Petersburg, Fla.	40,425	Not reported												234
235	Poughkeepsie, N. Y.	40,288	2,909,130	1,458,000	459,000	4,826,130	N	..	..	..	4,826,130	4,367,130	108.40	1,048,469	235
236	Ogden, Utah	40,272	Not reported												236
237	Oshkosh, Wis.	40,108	743,000	597,000	106,000	1,446,000	N	..	..	..	1,446,000	1,340,000	33 41	1,064	237
238	Anderson, Ind.	39,804	436,201	725,500	100,000	1,261,701	N	..	..	..	1,261,701	1,161,701	29.19	617,700	238
239	East Cleveland, Ohio	39,667	1,256,450	2,541,000	N	3,797,450	732,832	48	52	N	3,064,618	3,064,618	77.26	170,080	239
240	LaCrosse, Wis.	39,614	347,000	432,000	55,000	834,000	5,500	100	..	..	828,500	828,500	20.91	148,613	240
241	Butte, Mont.	39,532	Not reported												241
242	Sheboygan, Wis.	39,251	113,000	359,000	200,000	672,000	N	..	..	..	672,000	472,000	12.03	99,555	242
243	Waltham, Mass.	39,247	Not reported												243
244	Quincy, Ill.	39,241	N	1,026,000	105,000	1,131,000	39,816	N	N	100	1,091,184	986,184	25.13	647,835	244
245	Meriden, Conn.	38,481	1,019,000	1,160,000	236,000	2,415,000	104,861	100	..	..	2,310,139	2,074,139	53.90	N	245
246	Bloomfield, N. J.	38,077	2,930,000	2,586,500	1,279,500	6,796,000	71,398	58	N	42	6,724,602	5,475,102	143.68	423,423	246
247	Rock Island, Ill.	37,953	Not reported												247
248	Cumberland, Md.	37,747	1,750,000	2,605,000	3,044,900	7,399,900	736,048	31	..	69	6,663,852	4,130,379	109.42	N	248
249	San Bernardino, Calif.	37,481	731,000	1,428,000	258,225	2,417,225	26,481	..	100	..	2,390,744	2,132,519	56.90	....	249
250	Green Bay, Wis.	37,415	490,500	998,500	853,000	2,342,000	15,000	..	..	100	2,327,000	1,489,000	39.80	....	250
251	Raleigh, N. C.	37,379	Not reported												251
252	Taunton, Mass.	37,355	Not reported												252
253	Santa Monica, Calif.[40]	37,146	2,080,500	1,709,000	1,256,500	5,046,000	130,471	34	40	26	4,915,529	3,692,333	99.40	....	253
254	West New York, N. J.	37,107	Not reported												254
255	Hazleton, Pa.	36,765	1,934,000	1,091,000	N	3,025,000	36,072	2	98	..	2,989,928	2,989,928	81.30	N	255
256	Danville, Ill.	36,765	122,800	450,000	N	572,800	N	..	..	..	572,800	572,800	15.58	402,384	256
257	High Point, N. C.[34]	36,745	3,299,488	1,911,000	2,342,000	7,552,488	371,356	..	..	..	7,181,132	4,839,132	131.69	4,213,000	257
258	Auburn, N. Y.	36,652	1,474,314	603,000	313,000	2,390,314	9,186	..	..	100	2,381,128	2,077,314	56.68	138,085	258
259	Zanesville, Ohio	36,440	463,475	645,652	268,500	1,377,627	260,200	41	59	..	1,117,427	848,927	23.30	161,018	259
260	Superior, Wis.	36,113	710,456	1,372,300	N	2,082,756	10,300	..	100	..	2,072,456	2,072,456	57.39	N	260
261	Arlington, Mass.	36,094	423,500	880,000	180,000	1,483,500	141,858	100	..	..	1,341,642	1,161,642	32.18	N	261
262	Norwalk, Conn.[34]	36,019	2,651,500	971,000	1,209,500	4,832,000	512,115	70	..	30	4,319,885	3,265,199	90.65	N	262

			Gross Bonded Debt				Sinking Fund				Net Bonded Debt			Total	
		Census 1930	General Improvement	Public Schools	Public Utilities	Total	Total	Gen'l Improvement (per cent)	Public School (per cent)	Public Utility (per cent)	Total	Excluding Self-supporting	Per Capita Excluding S. S.	Gross Spec. Assessment	
263	Elgin, Ill.	35,929	816,264	228,000	110,000	1,154,264	8,261	..	..	100	1,146,003	1,044,264	29.06	1,075,000	263
264	Norristown, Pa.	35,853	1,135,000	1,368,500	N	2,503,500	542,384	21	79	N	1,961,116	1,961,116	54.70	N	264
265	White Plains, N. Y.	35,830	6,061,613	7,127,000	1,847,800	15,036,413	167,943	30	4	66	14,868,470	13,132,316	366.52	....	265
266	Revere, Mass.	35,680	801,000	705,500	194,000	1,700,500	N	..	..	..	1,700,500	1,506,500	42.22	....	266
267	Steubenville, Ohio	35,422	439,590	629,750	100,235	1,169,575	35,220	24	17	59	1,134,355	1,054,929	29.78	101,900	267
268	Orange, N. J.	35,399	Not reported												268
269	Alameda, Calif.	35,033	Not reported												269
270	Lewiston, Me.	34,948	406,500	470,000	607,500	1,484,000	231,000	100	..	..	1,253,000	902,000	25.81	....	270
271	Watertown, Mass.	34,913	497,000	976,000	9,000	1,482,000	N	..	..	..	1,482,000	1,473,000	42.19	N	271
272	Amsterdam, N. Y.	34,817	758,000	1,991,750	70,000	2,819,750	47,022	..	38	62	2,772,728	2,731,988	78.47	N	272
273	West Allis, Wis.	34,671	918,000	1,112,000	296,000	2,326,000	N	..	..	..	2,326,000	2,326,000	67.09	1,098,231	273
274	New Brunswick, N. J.	34,555	2,636,097	1,283,000	1,110,000	5,029,097	N	..	..	..	5,029,097	3,919,097	113.42	223,000	274
275	Easton, Pa.	34,468	2,799,200	1,700,000	N	4,499,200	550,012	100	..	..	3,949,188	3,949,188	114.58	N	275
276	Plainfield, N. J.	34,422	3,267,000	1,844,000	N	5,111,000	220,618	100	..	.	4,890,382	4,890,382	142.07	226,000	276
277	Newport News, Va.	34,417	2,364,000	996,500	3,174,000	6,534,500	823,072	100	..		5,711,423	2,537,428	73.73	....	277
278	Santa Barbara, Calif.	33,613	1,364,325	2,318,012	594,750	4,277,087	261,540	26	63	11	4,015,547	4,015,547	119.46	N	278
279	Paducah, Ky.	33,541	Not reported												279
280	Mansfield, Ohio	33,525	584,690	803,000	112,000	1,499,690	45,217	..	..	..	1,454,473	1,342,473	40.04	116,075	280
281	Joplin, Mo.	33,454	Not reported												281
282	Waukegan, Ill.	33,449	Not reported												282
283	Norwood, Ohio	33,411	775,133	1,070,500	150,000	1,995,633	197,933	100	..	..	1,797,700	1,647,700	49.32	42,432	283
284	Sioux Falls, S. Dak.[34]	33,362	720,000	1,482,500	290,000	2,492,500	1,262,716	9	80	11	1,229,784	1,079,295	32.35	N	284
285	Colorado Springs, Colo.[34]	33,237	527,000	802,000	2,270,000	3,599,000	692,929		..	100	2,906,071	1,329,000	39.99	176,300	285
286	Elkhart, Ind.	32,949	128,000	625,000	1,162,000	1,915,000	39,268	100	..	..	1,875,732	713,732	21.66	N	286
287	Kokomo, Ind.	32,843	Not reported												287
288	Laredo, Texas	32,618	766,000	541,000	N	1,307,000	122,793	70	30	..	1,184,207	1,184,207	36.31	N	288
289	Tucson, Ariz.	32,506	1,636,000	1,257,937	914,000	3,807,937	729,882	60	8	32	3,078,055	2,393,168	73.62	476,558	289
290	Richmond, Ind.	32,493	201,000	520,000	N	721,000	15,607	100	N	N	705,393	705,393	21.71	....	290
291	Rome, N. Y.	32,338	988,667	742,000	126,000	1,856,667	N	..	..	..	1,856,667	1,730,667	53.52	74,000	291
292	Wilmington, N. C.	32,270	2,042,447	997,000	964,265	4,003,712	276,584	9	82	9	3,727,128	2,789,462	86.44	540,550	292
293	Moline, Ill.	32,236	Not reported												293
294	Watertown, N. Y.	32,205	1,574,935	1,324,500	778,000	3,677,435	263,035	55	45	..	3,414,400	2,636,400	81.86	63,874	294
295	Muskogee, Okla.	32,026	1,821,093	1,198,400	594,000	3,613,493	1,918,729	52	28	20	1,694,764	1,694,764	52.92	630,000	295
296	Meridian, Miss.	31,954	1,559,257	525,611	442,000	2,526,868	3,252	87	13	..	2,523,616	2,081,616	65.14	416,684	296
297	Pensacola, Fla.	31,597	Not reported												297
298	Nashua, N. H.	31,463	1,094,000	392,500	N	1,486,500	257,388	..	..	..	1,229,112	1,229,112	39.07	N	298
299	Fort Smith, Ark.	31,429	Not reported												299
300	Port Huron, Mich.	31,361	1,226,959	502,000	165,000	1,893,959	51,469	100	..	..	1,842,490	1,677,490	53.49	191,659	300
301	Newburgh, N. Y.	31,275	1,033,621	1,092,391	662,731	2,788,743	26,050	..	100	..	2,762,693	2,099,962	67.15	123,626	301
302	Marion, Ohio	31,084	Not reported												302
303	Bloomington, Ill.	30,930	Not reported												303
304	Hagerstown, Md.	30,861	Not reported			3,716,300	14,398	..	100	..					304
305	Bellingham, Wash.	30,823	493,000	N	282,000						775,000	493,000	15.99	513,603	305
306	Baton Rouge, La.	30,729	2,696,300	1,020,000	N	775,000	N	..	..	..	3,701,902	3,701,902	120.47	22,000	306
307	Newark, Ohio	30,596	924,100	789,000	283,000	1,996,100	110,053	51	N	49	1,886,047	1,657,047	54.16	260,100	307

			Gross Bonded Debt				Sinking Fund				Net Bonded Debt			Total	
		Census 1930	General Improvement	Public Schools	Public Utilities	Total	Total	Gen'l Improvement (per cent)	Public School (per cent)	Public Utility (per cent)	Total	Excluding Self-supporting	Per Capita Excluding S. S.	Gross Spec. Assessment	
308	Everett, Wash.	30,567	1,449,500	356,000	1,654,000	3,459,500	596,920	43	5	52	2,862,580	1,520,568	49.75	327,341	308
309	Santa Ana, Calif.	30,322	506,520	1,512,000	153,445	2,171,965	81,987	17	71	12	2,089,978	1,946,172	64.18	1,156,993	309
310	Alton, Ill.	30,150	Not reported												310
	Canadian Cities														
1	Montreal, Que.	818,577	Not reported												1
2	Toronto, Ont.[41]	626,674	61,100,755	27,582,224	87,894,996	176,577,975	25,890,083	30*	23	47	150,687,892	75,003,506	119.69	14,269,587	2
3	Vancouver, B. C.	246,593	41,373,851	10,370,176	6,011,258	57,755,285	16,457,967	74	16	10	41,297,318	36,894,804	149.62	7,208,063	3
4	Winnipeg, Man.[42]	218,785	10,460,606	8,782,106	37,958,802	57,201,514	24,404,411	26	13	61	32,797,103	9,786,811	44.73	9,683,295	4
5	Hamilton, Ont.[43]	153,507	16,776,295	4,778,488	7,520,494	29,075,277	584,094	1	..	99	28,491,183	21,546,372	140.36	1,938,360	5
6	Quebec, Que.[44]	130,594	25,853,889	6,584,000	8,578,847	41,016,736	2,805,552	43	39	18	38,211,184	30,130,295	230.72	....	6
7	Ottawa, Ont.[45]	126,872	8,761,562	3,924,493	6,453,178	19,139,233	5,469,524	37	20	37	13,669,709	9,566,177	75.40	3,353,459	7
8	Calgary, Alta.[46]	83,761	9,620,057	2,683,367	11,048,598	23,352,022	10,549,221	45	..	55	12,802,801	7,510,074	89.66	3,098,802	8
9	Edmonton, Alta.[47]	79,197	21,556,508	3,987,076	6,586,006	32,129,590	9,356,120	73	7	20	22,773,470	18,054,953	227.98	2,800,204	9
10	London, Ont.[48]	71,148	4,014,379	2,994,365	4,243,622	11,252,366	1,808,861	..	..	..	9,443,505	7,483,855	105.19	1,457,369	10
11	Windsor, Ont.[49]	63,108	6,301,102	4,369,957	3,262,384	13,933,443	321,114	18	43	39	13,612,329	10,476,127	166.00	....	11
12	Verdun, Que.[50]	60,745	7,534,700	2,015,626	300,000	9,850,326	1,945,628	86	7	7	7,904,698	7,748,784	127.56	1,747,200	12
13	Halifax, N. S.	59,275	Not reported												13
14	Regina, Sask.[51]	53,209	6,035,994	2,512,613	6,690,085	15,238,692	6,320,906	44	8	48	8,917,786	5,254,013	99.07	2,490,389	14
15	St. John, N. B.[52]	47,514	2,525,349	2,377,500	4,505,573	9,408,422	3,102,435	77	19	4	6,305,987	2,106,400	44.33	....	15
16	Saskatoon, Sask.[53]	43,291	6,029,343	2,834,493	4,450,584	13,314,420	4,506,667	41	11	48	8,807,753	6,538,331	151.03	2,696,087	16
17	Victoria, B. C.	39,082	Not reported												17
18	Three Rivers, Que.	34,450	Not reported												18

* = Estimated. N = None.

[1] *New York.* Utility bonds include rapid transit (subway), $752,447,860, and docks, $176,236,812; general bonds include assessment bonds, $99,735,000; general sinking fund includes school. The water utility is self-supporting, subway and docks partially self-supporting. General bonds include $99,735,000 assessment bonds. Debt is as at February 28, 1935.

[2] *Chicago.* General bonds include sanitary district bonds, $123,920,429, 86.4 per cent of the total debt of the district, which is the proportion of taxable values within the city. County debt, $45,186,160, and forest preserve district (co-terminous with the county), $13,126,000 are not included; 84.3 per cent of the taxable values are within the city. Utility bonds are light and power.

[3] *Philadelphia.* General bonds include utility debt. Net self-supporting debt estimated at $60,000,000. There is no county debt.

[4] *Detroit.* Utility bonds include street railway, $37,456,000, and lighting, $22,207,000.

[5] *Los Angeles.* General bonds include flood control, $11,486,850, based upon proportion of taxable values within the city; utility bonds include light and power, $32,635,000; harbor, $20,137,000; and metropolitan water district, $15,744,960. School bonds are issued by the county, the city's pro-rated share being reported. The city's portion of county debt, $3,456,000, is omitted. General and utility debt are as at February 28, 1935.

[6] *Cleveland.* Utility debt includes light and power, $4,893,000. County debt, general, $30,693,723, and county special assessment, $20,573,063, the city's portion being about two-thirds, are omitted.

[7] *Baltimore.* In addition to the water debt, general bonds for conduit and certain harbor terminal are deducted as self-supporting.

[8] *Boston.* Utility bonds include rapid transit, $58,940,700, and traffic tunnel, $18,500,000. County debt, borne entirely by the city, is not included.

[9] *San Francisco.* Utility bonds include street railway, $1,800,000; water includes power. Golden Gate and Highway District bonds, $20,700,000, of which the city comprises 83 per cent of the taxable values, not included.

[10] *Milwaukee.* General bonds include metropolitan sewerage district, $19,783,087, 79.53 per cent of the total, based upon the city's portion of equalized assessed valuation.

[11] *Minneapolis.* Utility bonds include light and power, $50,000, market, $19,000, and river terminal, $609,000.

[12] *New Orleans.* General bonds include sewer, water and drainage bonds. Utility bonds are Public Belt R. R. Debt reported does not include Public Belt Bridge, revenue bonds, $6,000,000, port (a state agency) bonds, $38,056,000, and Orleans levee district (co-terminous with the city), $16,585,000.

[13] *Cincinnati.* General bonds include university, $3,197,272; utility bonds include rapid transit, $6,100,000; airport, $855,000; and Cincinnati Southern Railway construction and terminal, $21,832,000. The annual rental of the railway exceeds the debt charges on its construction bonds, the excess being equivalent to debt charges on approximately $10,000,000, 25-year, 4 per cent, bonds.

[14] *Newark.* Utility bonds include street railway, $10,124,000.

[15] *Seattle.* Utility bonds include light and power, $34,431,000, and street railway, $9,333,500. School debt includes 98.63 per cent of district number one, based on city's pro rata share of valuation.

[16] *Louisville.* The city sinking fund owns the capital stock of the Louisville Water Company, estimated to be worth more than $25,000,000.

[17] *Portland.* General bonds include dock, $7,029,800, and city's share (92.98 per cent) of port bonds, $2,725,000. Utility bonds include golf, $103,000. School debt reported is city's share (96.86 per cent) of school district number one. City's share (81.2 per cent) of county debt, $15,223,685, is not included.

[18] *Columbus.* Utility bonds include light and power, $1,569,000.

[19] *Denver.* Utility bonds include city's portion (88 per cent) of bonds of Moffat Tunnel District, which is partially self-supporting.

[20] *Oakland.* Utility bonds are city's share (60 per cent) of East Bay Municipal Utility (water) District.

[21] *Omaha.* Utility bonds include gas, $2,849,000.

[22] *Dayton.* Utility bonds include sewerage plant, $340,000. City's portion of Miami Conservancy District bonds not included.

[23] *Richmond.* Utility bonds include light and power, $300,000, and gas, $3,349,550.

[24] *Youngstown.* Debt reported does not include city's share (90.55 per cent) of Mahoning Valley Sanitary District bonds, $7,813,559.

[25] *Nashville.* Utility bonds include light and power, $81,000.

[26] *Long Beach.* Utility bonds include gas, $3,526,000, and city's share (8 per cent) of Metropolitan Water District bonds.

[27] *Norfolk.* Utility bonds include port terminal, $5,461,000.

[28] *Jacksonville.* Utility bonds include light and power, $1,387,500, and docks and terminals, $2,265,000.

[29] *Kansas City, Kansas.* Utility bonds include light and power, $2,312,000.

[30] *Miami.* Utility bonds include street railway, $97,000, and docks and warehouses, $157,000. Figures reported are after giving effect to refunding water, $1,780,000; street railway, $896,000; docks and warehouses, $2,126,000; and special assessment bonds, $6,912,000, but do not include certificates of indebtedness, $1,936,033, for interest refunded.

[31] *Tacoma.* Utility bonds include light and power, $7,434,000; street railway, $343,000; and garbage plant, $57,000.

[32] *Duluth.* Utility bonds include gas, $566,175.

[33] *Sacramento.* Utility bonds include wharf, $140.000.

[34] In the following cities utility bonds include lighting for the amount shown: Lansing, $1,819,000; Pasadena, $290,900; Springfield, Illinois, $205,000; Glendale, $46,500; Jamestown, $110,000; High Point, $29,000; Norwalk, $51,500; Sioux Falls, $50,000; Colorado Springs, $1,010,000.

[35] *New Britain.* Utility bonds include subway for electric wires, $462,000.

[36] *Beaumont.* Utility bonds include wharf, $1,646,500, and abattoir, $25,000.

[37] *Holyoke.* Utility bonds include light and power, $837,000; and Holyoke and Westfield R. R., $139,000.

[38] *Hamilton.* Utility bonds include light and power, $462,500, and gas, $135,700.

[39] *Dubuque.* Utility bonds include docks, $278,000.

[40] *Santa Monica.* Utility bonds include wharf, $47,000.

[41] *Toronto.* Utility bonds include light and power, $25,739,400; street railway, $30,057,760; Canadian National Exhibition, $2,926,200, of which 65 per cent of the debt is carried by taxation; Royal Winter Fair, $1,543,564, 54 per cent carried by taxation; abattoir, $311,689; ferries, $48,000; and housing, $346,000, 15 per cent carried by taxation. School debt includes Roman Catholic Separate schools, $2,300,000, not issued by the city, with sinking fund of $1,265,717. Debt reported does not include Harbour Commission bonds, of which $22,779,000 are guaranteed by the city.

[42] *Winnipeg.* Utility bonds include hydro-electric system, $25,877,000; housing, $2,150,000; and steam heating, $1,500,000; and other, $2,464,750.

[43] *Hamilton.* Utility bonds include hydro-electric, $2,723,334.

[44] *Quebec.* Debt for city as at April 30, 1934, and school, as at June 30, 1934.

[45] *Ottawa.* Utility bonds include hydro-electric, $916,661.

[46] *Calgary.* General bonds include hospital, $295,095; utility bonds include light and power, $3,037,872; and street railway, $2,835,795.

[47] *Edmonton.* Utility bonds include light and power, $1,441,568; street railway, $856,069; and telephone, $1,022,081.

[48] *London.* Utility bonds include hydro-electric, $972,526; electric railway, $1,947,025; and housing, $336,846. Data as at January 1, 1934.

[49] *Windsor.* Utility bonds include hydro-electric, $1,430,101, and housing, $1,011,077. Roman Catholic Separate school bonds not reported.

[50] *Verdun.* Utility bonds are housing.

[51] *Regina.* Utility bonds include light and power, $2,119,643; street railway, $2,008,018; and air harbour, $100,000.

[52] *St. John.* Utility bonds include light and power, $761,829; ferry, $299,288; market, $70,000; and housing, $19,090.

[53] *Saskatoon.* Utility bonds include light and power, $1,880,447, and street railway, $1,317,419.

NEWS OF THE MONTH

NOTES AND EVENTS

Edited by H. M. Olmsted

Nebraska Completes Unicameral Districting.—Nebraska's unicameral legislature, when it will first convene on January 5, 1937, will consist of forty-three members. By the provisions of the constitutional amendment adopted on November 6, 1934, the last of the regular bicameral sessions was charged with the responsibility of determining the number of members in the new body within the limits of thirty to fifty and was also given the duty of dividing the state into single member districts. After much discussion and considerable disagreement, the legislature has finally enacted a law which deserves to be commended as highly equitable.

Much of the credit for the successful determination of the number of members and for scientific districting belongs to Professor John P. Senning, chairman of the department of Political Science of the University of Nebraska. Professor Senning, by resolutions in the two houses of the legislature, was designated official adviser to the standing committees selected to consider bills pertaining to the unicameral system. In the later stages of the legislation, he was also constituted adviser to the joint committee of conference which reported the final measure. In the course of his work, Professor Senning prepared twenty-nine separate maps of the state to indicate possible districting under membership provisions varying between the constitutional limits of thirty to fifty.

The Senate was the first to pass a districting bill, and its measure provided for forty-eight members. The house, however, insisted upon the maximum membership of fifty. The joint committee of conference, consisting of three members from each house, reported a bill providing for forty-three members. This recommendation was adopted by the senate by a vote of 17 to 13, but the house rejected it by a vote of 48 to 49. But on the following day, after a motion to reconsider had prevailed, the house voted 54 to 43 for adoption. There was little sentiment in either house for the minimum number of members, both because of the ambition of many legislators to sit in the unicameral body and because of difficulties in districting. While many members of the house were persistent in advocating the maximum membership, a strong support for a legislature of forty-two or forty-three members developed in the senate because of the fairness and relative ease of districting for a body of that size. The attitude of the house made it strategically and politically unwise for the senate to provide for such a number in the first draft of the bill which was adopted.

The enacted measure will create a population ratio, with aliens excluded, of 31,471 per district. Douglas and Lancaster Counties, in which Omaha and Lincoln are located, will have seven and three representatives respectively. No other county will have more than one representative and the largest number of counties in any one district will be ten. The constitutional amendment provides that the aggregate salaries of all members shall be $37,500 per annum, and the individual legislator will therefore receive $872.09 per year or $1,744.18 per two year term, plus actual traveling expenses to and from each regular or special session. Since the present senate membership is thirty-three and the house membership one hundred, it is apparent that ninety incumbent legislators are automatically eliminated from the new session.

Careful analysis of all possible districting proposals reveals that a membership of forty-three is more equitable than any other constitutional number. Not only does it present a minimum of difficulty in meeting the requirement that the districts shall be "as nearly equal in population as may be and composed of contiguous and compact territory," but it also provides a fair distribution of representation between the eastern and western sections of the state.

FRANKLIN L. BURDETTE
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Administrative Reorganization Makes Progress In Mississippi.—Mississippi, while illustrative of disintegration of administration, ought also to be classed as a state making progress in reorganization. The constitution of the state (1890) provides for the election of seven officials and it sets up one ex-officio board. Statutory law provided for the election of seven administrative agencies, three of which have plural heads, together with some sixty various boards and commissions, some ex-officio and some appointive. In 1930 the legislature created the Research Commission and provided for "an expert investigation into, and study and analysis of all conditions of the state", and authorized the expenditure of $150,000 or so much thereof as might be necessary, on condition that this fund be matched from other sources. The Institute for Government Research, which was procured by the Commission to make the study, made a very comprehensive report to the 1932 session of the legislature, confining itself to the field of administration of state and county government. This has resulted in tangible action.

In brief, the recommendation of the Institute in regard to the reorganization of state administration was as follows: the popular election of one official, the governor; the selection of an auditor by the legislature; the creation of twelve departments—executive, taxation, treasury, justice, education, public health, public welfare, highways, conservation, public service, banking and insurance and local government, each with various numbers of bureaus. Of these twelve suggested departments those of education, public health, public welfare, and public service would have plural heads; and an alternate plan is offered providing for plural heads for the departments of highway and local government. In the field of county administration the survey suggests the consolidation of a number of counties, the direct election of the board of supervisors only, and the establishing of the following departments: executive, justice, health, taxation and finance, public works, agriculture, economics, education, and welfare.

Since the submission of this report we find the following tangible results accomplished:

An Executive Budget. The legislature in 1932 enacted a law creating a budget commission composed of the governor as ex-officio director, the chairman of the tax commission as assistant director, and the attorney general. The law places on the assistant director the responsibility of administering its provisions. He is to present to the governor a balanced budget, suggesting new sources of revenue where necessary. It is made mandatory on each spending agency to submit regular detailed reports to the assistant director, and no agency can exceed its appropriations except in an emergency.

Penal Institutions. The legislature in 1934 abolished the elective penitentiary trustees, to take effect January 1, 1936, and provided for the appointment by the governor with senate confirmation of three members for four years to comprise the board of commissioners for the state penitentiary system. He also appoints a superintendent of the penitentiary, for one year, with senate confirmation.

Public Welfare. In the same session of the legislature (1934) there was created a state board of administration for the government and control of state eleemosynary institutions. This board consists of five members appointed by the governor with senate confirmation, three of whom are from the supreme court districts and two from the state at large. After 1938 their term of office shall be for four years. This board took over the duties of the eleven boards controlling the various state institutions of public welfare.

H. B. HOWERTON
University of Mississippi

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Manager Plan Defeated in Syracuse.—At a special election held on May 27 the citizens of Syracuse, N. Y., turned thumbs down on "Plan C," by a vote of 31,318 to 18,441. Plan C is provided for in the optional city government law of 1914, and is the only one of the plans within the law permitting a small council elected at large to select a city manager.

The forces responsible for the petition of ten thousand names which demanded the referendum were those usually interested in better government from a broad standpoint and also the small property owners. These have been suffering heavily. The per capita valuation is so high, it has led to hundreds of cases asking for judicial review, but the high valuation permits a high bond limit and the city is getting close to that limit. That the amount taken from the small taxpayers is beyond their real capacity to pay is shown by the poignant fact that nine per cent of the families of the city lost title to their homes in April. What per cent of the home owners that is cannot be known exactly but it may be about 20 per cent.

Four forces combined to oppose the referendum: (1) all those profiting by the spoils and patronage system, (2) a group of upright respectable citizens whose large interests have entangled them with the existing system and who believe that a local spoils machine is a *sine qua non* to the existence of the one of the great national parties they favor, (3) those who believed the argument that Plan C "does not fit the special needs of our beloved city" and who really believe a committee the mayor set up will at some time later present a charter that will suit Syracuse, (4) the percentage of the population on relief is large, 18 per cent, and analysis shows that the amount received per family is the highest in the state. While the local administration really does not furnish much of the money so distributed, the folks who receive it think they do.

Whether the "flight from reality" which the result indicates, for the publication of facts was very irritating, can continue long remains to be seen. It may succeed, for the city is a strong center for the demand for state aid in taxation. If it succeeds the financial incubus will be loaded on the state and the spoils and patronage system may start on another period of prosperity.

Walter J. Millard

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Chicago City Manager Activities.—The Chicago City Manager Committee, recently organized by a group of business and civic leaders to sponsor the city manager plan in that city, has just established headquarters at 343 South Dearborn Street. Preliminary activities of the committee will be centered around the enlargement of the group to five hundred men and women, representing various business, professional, social, church, racial and other elements. From this membership, it is proposed to draw the active working committees, which will assume active charge of the various phases of the work. The ultimate objective of the committee will be developed through the organization of a city-wide group of active workers.

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Southern California Institute of Government.—The seventh annual Institute of Government, of the School of Government, University of Southern California, Los Angeles, California, will be held June 10-14. Fifteen or more sections covering a wide variety of governmental problems will conduct programs.

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Program of Municipal Law Committee of American Bar Association.—The tentative program of the Special Committee on Municipal Law of the American Bar Association, which will meet in Los Angeles, July 16 and 17, is announced as follows: "Legal Problems of Financially Embarrassed Municipalities," by James H. Pershing and Edward J. Dimock; "Legal Problems Involved in the Enforcement of Obligations Secured Solely by Publicly Owned Enterprises," by Edward J. Foley, Jr., of the Federal Emergency Administration of Public Works, Washington, D. C.; "Federal and State Projects and Their Relationship to Municipal Ownership of Utilities," by S. S. Robinson, Special Counsel to the Department of Water and Power of the City of Los Angeles, Calif.; "Reorganization and Consolidation of Units of Local Government," by Gordon Whitnall; "Local Tax Problems," by Roger J. Traynor; and "Fault of Service as a Basis for the Responsibility of the State," by Frederick F. Blachly.

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Wellesley Summer Institute for Social Progress.—"Social Planning in an Age of Conflict" has been chosen as the general theme for the lectures, round tables, and discussions at the Summer Institute for Social

Progress, at Wellesley College, during its third annual session July 6-20 on the college campus, Wellesley, Mass. The problem of housing will receive much attention. Max Lerner, professor of politics at Sarah Lawrence College, will again head the faculty, members of which are chosen not only for their competence but for their ability to lead discussion.

Those who are interested in evolving better and more efficient methods of meeting our present economic and social problems are invited by the Institute to apply for membership. From those applying 130 men and women are chosen so as to keep business, industry, and the professions represented in balanced proportions. Details of the program and application blanks may be obtained from G. L. Osgood, 14 West Elm Avenue, Wollaston, Mass.

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Comparative Telephone Rates.—In connection with the movement for utility rate reductions, a comparison of individual-line telephone rates in cities of 100,000 to 500,000 population (73 in number) furnished by Dr. John Bauer, is of interest. In the case of business telephones the rate for one hundred calls per month ranges from $4.00 to $11.00, with an average of $6.49; for two hundred calls, from $6.00 to 11.25, average $8.61; for five hundred calls, $6.00 to $23.48, average $10.82. With residence telephones the rate for fifty calls per month ranges from $2.00 to $4.75, average $3.75; for one hundred calls, from $2.80 to $6.10, average $3.92; and for two hundred calls, from $3.00 to $10.60, average $4.15. In thirteen cities no business flat rate is available, while in twenty-three there is no measured-service business rate. In sixty cities only flat rates are available for residence service.

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Improving Assessing with White-Collar Works Money.— A good chance for communities to install up-to-date methods of assessing real and personal property is offered by the earmarking, out of the four billion dollar works fund, of $300,000,000 for employment of professional, technical, and clerical workers, according to Albert W. Noonan, associate director of the National Association of Tax Assessing Officers.

Most assessing officers are as desirous of installing modern systems in their offices as taxpayers are, but heretofore the expense involved has been a discouraging factor. Because the installation of a modern system of appraising property meets all of the tests prescribed for work relief projects under the new set-up, Mr. Noonan says, it is believed that this type of project will be strongly encouraged.

COUNTY AND TOWNSHIP GOVERNMENT

Edited by Paul W. Wager

Texas—Drought-Stricken Counties Ask Tax Remission.— Remission of state ad valorem taxes in fourteen drought-stricken counties of the Texas Panhandle was recently demanded at a meeting of erosion control advocates in Amarillo.

The representatives attending the meeting, including county judges, commissioners, and others, voted to petition the Texas legislature to pass an act which would remit property tax moneys and place them in county sinking and interest funds to be used to liquidate federal loans necessary to abate soil erosion. The proposed bill would create soil wind erosion conservation districts. County commissioners' courts would administer the program and would be permitted to lend money to individual drought victims. The courts would further be authorized to include the land of non-coöperating owners in the general program and to assess reasonable costs for erosion control measures. The act would limit remitted tax funds to the retirement of debts incurred to check soil erosion.

The petition was presented to the Panhandle legislative representatives in Austin, but it is likely that no action will be taken in the present session as the term is drawing to a close with much important legislation on the calendars of both house and senate.

Roscoe C. Martin

The University of Texas

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Oregon—Rejects County School Unit.— The Oregon legislature which came to an end on March 14 flatly refused to accept the program which Governor Martin had endorsed (as reported in the October issue of the Review) looking toward an extension of the county unit plan of school administration. Because of the opposition of the State Grange and other rural groups the original scheme to require the inauguration of this unified method for administering schools, except in first class districts, was withdrawn and a very innocuous measure which merely forced counties to vote on the question was substituted. While this passed the house it was easily beaten in the senate by the same rural-conservative forces. The Grange people sponsored instead a measure to provide for equalizing the financial support of schools within the county. This also was defeated.

Rejects Unification of Welfare Agencies.—A similar story must be told concerning the proposed state department of welfare which was to have achieved a similar unification of all the state agencies dealing with dependent, defective and delinquent groups and a more complete supervision over the welfare activities of county officials and private institutions. While the governor, with the approval of his "brains trust," had given this proposal his endorsement, he quickly discovered its inexpediency. The original proposal was watered down in four stages by as many bills, but still the legislature would have none of it. The united opposition of the county judges, certain members of the state board of control (which now supervises the state prison, training schools, etc.) and of the private institutions which now receive state funds under a minimum of state control, proved invincible—particularly when the governor discovered that he was not certain he desired to lead a vigorous charge in that direction. It is alleged by some insiders, however, that the measures passed at the request of the governor and the federal relief administration, which revise the state law concerning the coöperation of state with federal relief agencies and which establish a coöperative administration for old-age pensions, will largely achieve the ends sought by the welfare department measure. If this is so there will be cries of anger and revenge when the import of this act is discovered.

Adopts Uniform Accounting Systems.—Toward the close of the session there was enacted a measure, sponsored by the League of Oregon Cities, which sets up in the secretary of state's office, a division which is to prepare uniform accounting systems for counties, cities, and school districts and to perform audit services at cost for any such unit upon request. For some time the League has been urging the development of a standard accounting system and standard audit practices for Oregon cities. It proposed a compulsory measure at first, but owing to opposition from some local government officials and private firms, accepted the permissive substitute, which became law. There is little doubt that this is an important measure of which many cities have already indicated they intend to take advantage. This act will also afford the basis for reporting municipal, county and school financial transactions so that more adequate comparisons may be made than have been possible heretofore.

Permits County Consolidation.—One measure which may be of real importance during the next twenty years is that which facilitates the voluntary consolidation of adjoining counties. This act originated in the distress of Jefferson county which is in the heart of the dry section of central Oregon. The federal government has declared considerable parts of this county to be sub-marginal and is buying up a number of farms and moving the people out. Jefferson being a county of small property value and sparse population, the removal of these people and their property creates a crisis for the remnant of the county. This situation is likely to be repeated in a few other counties. There is also the similar situation in prospect as a result of another act which permits the purchase by the U. S. Forest Service of privately owned timber lands for incorporation into national forests. In many counties private timber owners will be glad to sell their holdings to the government in order to get something out of their property before it is eaten up by taxes. This means the withdrawal of the chief source of taxable wealth from many counties and school districts. The result will probably be an increasing interest in county amalgamation and the transfer of the cost of school and highway functions to the state.

Postpones Tax Foreclosures.—The acute tax delinquency situation that has developed in Oregon during the past ten years, which has been so disastrous to county, city, and school finance, barely escaped further depression. The legislature, which in a prior session waived the penalties and interest on taxes delinquent from 1923 to 1930 inclusive, passed a measure doing the same thing for delinquencies for 1931 and 1932. This menace to the continued existence of many cities, schools, and counties was removed by the governor's veto. However, he signed another bill postponing for two years foreclosure proceedings due to prior delinquencies.

Appoints Survey Commission.—The Director of the budget, with the approval of Governor Martin, prepared a measure for consolidating all the state administrative agencies that are of statutory origin (which includes most of them) into seven departments over which the governor was to be given full control. While it is said that there were enough votes pledged to have forced it through the legislature the governor preferred to withdraw the bill after it had dramatized the issue. Thereupon in its place was introduced a resolution providing for the appointment of an interim commission to survey the entire administrative organization of the state government, to study the effects of reorganization of state administration in other states, to make comparisons of cost under the existing and proposed plans of organization, and to report with recommendations not later than March 1, 1936. Tucked away in the resolution is a clause which authorizes the commission to "include in its surveys and recommendations, plans and legislation whereby the government and administrative functions of cities, counties and other municipal units may be simplified, consolidated, and made more economical and efficient, and may be coördinated with the governmental and administrative functions of the state." Should there be sufficient money so that this part of the duties of the commission is fulfilled it will be a most important event for county and local government in Oregon.

Forbids Payment for Circulating Petitions.— Another law which is of vital consequence to all levels of government in the state is the adoption of a measure which makes it a crime to give or receive money for circulating petitions for initiative referendum, or recall. This affects cities and counties as well as state measures and officers. There can be little doubt that it will mean an abrupt halt upon the use of the devices that were once known as "the Oregon system." It will be interesting to observe how the mass of the voters will react to this when they discover what this change really means.

Charles McKinley

Reed College

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Wisconsin—Would Reorganize Relief Administration.— The Wisconsin Conference of Social Work is sponsoring a very significant bill before the present state legislature. This bill has to do with the county as the unit of relief administration. Wisconsin's relief law was passed in 1849, shortly after the entrance of the state into the Union. Like the earlier laws of other states, it was modeled on the Elizabethan Poor Law. Consequently, the unit of relief administration was the town, the village, or the city. Even in the original act, however, a provision was inserted allowing the county board of supervisors to adopt the county as the relief administrative unit. Many counties adopted this system at once and forty-five had done so prior to the present emergency.

The entrance of the federal and state governments into the relief field was accompanied by the stipulation that aid would be granted only to counties operating under the county unit system or to groups composed of several cities, villages, or towns. Hence, fifty-nine counties now have the county unit system; nine operate under the group system; and the remaining three are not receiving federal aid.

The bill sponsored by the Social Work Conference seeks to lay down the mandatory rule that the county shall be the administrative unit for relief. It also provides that two counties may unite for relief administration, under a regional director, by the consent of the county boards, and subject to the approval of the state board. An additional impetus is thereby given to consolidation. Administration in all counties (a special rule is provided for Milwaukee County) is to be placed under a committee chosen by the county board of supervisors. A director of relief is to be appointed by this committee, with the approval of the state board. The law specifies that the selection shall be upon the basis of fitness, without regard to political or religious affiliations or residence, but no machinery is provided to secure the enforcement of this expression of administrative piety. Removal of the director must be for cause, after notice and public hearing. Appointments of other workers are to be under the merit system in counties operating under that system of personnel selection.

Under the present poor laws of this section of the country much litigation has arisen over the residence of relief applicants. Townships have fought unceasingly in order to avoid their burdens. The bill seeks to check this difficulty in two ways. First, settlement in the county, rather than in the town, is made the basis of relief. Secondly, it is provided that disputes on this point be taken to the state board (the Industrial Commission until some other agency is named), rather than directly to the courts. Appeal from its findings may be taken before the circuit court of Dane County, but past experience leads to the belief that relatively few such cases will be so appealed.

No doubt this proposed reform, far-reaching as it is, will meet with stiff opposition. The bill is still in the hearing stage.

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Tennessee—Fee Grabbing Wins.—During the past year, bar associations and lawyers' committees in Tennessee have been agitating for reform of the state's unsatisfactory and outmoded justice of the peace system. A group of Chattanooga citizens began the campaign, and drew up a bill which was enacted into law by the legislature in February. This legislation, applying only to Hamilton County, stripped justices of their authority to try criminal cases; otherwise their jurisdiction remained intact. For the handling of criminal cases there was set up a new county inferior court, with a salaried judge. This court was in operation from February 23 to April 9, 1935; on the latter date, the law establishing it was held unconstitutional, chiefly on the ground that it constituted local legislation.

This period was sufficiently long, however, to demonstrate the superiority of the new court over the justice courts. Justice of the peace courts are supported in Tennessee by fees, which can be collected in criminal cases only from defendants who plead guilty. Dismissal of a case means that the justice is depriving himself of a fee. It is generally believed that this fact prevents justices from showing reasonable leniency to defendants, most of whom are charged only with minor violations of the law. The great virtue of the Hamilton court was that the judge was relieved of dependence on fees and enabled to decide cases on their merits.

The result of eliminating fees is shown by the following statistics. The new court disposed of 203 cases, of which 107, or 52.7 per cent, were dismissed or passed indefinitely. On the other hand, out of 5,247 criminal cases handled by seven Hamilton County justices of the peace in 1933, 1,296 cases, or only 24.7 per cent, were dismissed or withdrawn.[1] If it is admitted that the new court was in existence long enough to try a fair sample of cases, then the difference in disposition of cases can be explained only by the fact that the judge was not forced to administer justice with one eye on his pocketbook.

Following the ill-fated Hamilton County measure, a state-wide bill was introduced in the legislature, proposing to take from justices of the peace their authority in both civil and criminal cases. There is no question that justices have abused their civil as seriously as their criminal jurisdiction. For example, it has been shown that of 25,088 civil cases coming before 67 justices of the peace in Tennessee in 1933, 24,663 cases, or 98.3 per cent of the total, were decided in favor of the plaintiff.[2] Here again it is the fee system which is responsible for this mockery of justice, since fees can be collected only in cases where the defendant is found guilty. The proposed law would have abolished these justice of the peace courts, substituting for them courts of general sessions with salaried judges. However, the bill was defeated. It passed the Senate by a vote of 18 to 9, with 73 of the state's 95 counties exempted from its operation by amendments, but it was tabled in the House after all except five counties had been exempted. Consequently, Tennessee faces two more years of fee grabbing.

C. Herman Pritchett
University of Chicago

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[1] T. L. Howard, "The Justice of the Peace System in Tennessee," *Tennessee Law Review*, v. 13 (1934), p. 31.

[2] *Ibid.*, p. 25.

TAXATION AND GOVERNMENT

Edited by Wade S. Smith

Tax Collection Costs Summarized.—An interesting analysis of the administrative costs of tax collection in Pennsylvania cities is made in a recent issue of the *Bulletin* of the Pennsylvania Economic Council.

This study, covering third-class cities in the state, shows that per capita administrative costs averaged $1.25 in 1933. There is one city at this average, 23 below it, and 20 above it. Quoting from the *Bulletin,* it was found:

"The range was from $0.69 to $2.36 per capita. The costs are generally slightly higher in the larger cities, the average of the 22 larger cities being $1.33 per capita and that for the 22 smaller $1.18 per capita. It is interesting to note that the general average ($1.25 per capita) slightly exceeds the cost of administration in counties of the third, fourth, and fifth classes ($1.21 per capita).

"Tax collectors' commissions are a cost of government. They should be shown as taxes received on the receipt side of the accounts and as tax collectors' commissions on the disbursements side. Other officials who handle money do not subtract their salaries before making their report; neither should tax collectors. Under present practices, most tax collectors are their own paymasters. Municipalities and counties throughout the state have in this matter an opportunity to improve their reporting practice and, thereby, to make their reports show the true conditions."

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Municipal Outlay Decreases Since 1931.—A recent study of municipal expenditures made by J. L. Jacobs and Company of Chicago shows a marked decrease in outlay in ordinary operating purposes since 1931.

The study covered 89 American cities. In 1931 the total expenditures for 19 cities making complete reports for all the years totalled $314,075,000. In 1932 the figure was $279,270,000 and in 1933, $259,456,000. In 1934 expenditures increased slightly to $271,509,000. It is estimated that the expenditures for 1935 will total $265,618,000.

Classifying the expenditures by purpose, it was found that the chief decrease was for operation and maintenance. Using the 1931 total as an index of 100, expenditures for this purpose had decreased by 1935 to 79.6. On principal and interest on bonds, with the same index as for the year 1931, expenditures had decreased by 1935 to 96.9. Decreases for total expenditures since 1931 were: 1932, 88.9; 1933, 82.6; 1934, 86.5; and 1935, 84.6.

According to the study, "Similar trends are indicated in the municipal expenditures for ordinary operation and for debt service in 27 additional municipalities on which data are available for the years since 1933."

The study shows further that until the current year the expenditures for debt service were absorbing an increasingly large proportion of total municipal expenditures. The 1935 estimates show a reversal of this trend. Summarizing the data, it appears that in 1931 the percentage of total municipal expenditures in 19 cities was 72.1 per cent for ordinary operation and 27.9 for debt service. The estimated expenditures for these purposes changed to 65.3 per cent for operation and to 34.7 for debt service in 1934, and in 1935 are estimated at 68.1 per cent for ordinary operation and 31.9 per cent for debt service payments.

"The high ratios of the debt service payments to total municipal expenditures are the direct result of accumulated bond principal and interest charges, while expenditures for general operation purposes have been decreasing since 1931," according to the conclusion of the survey. "The difficulties coming from the high ratios for bond service charges are being met in many cities through bond refunding. Where refunding plans are being worked out constructively, there is greater assurance of meeting such payments and with lower interest rates. Also possibilities of debt defaults, debt scalings, or repudiations are minimized. At the same time safeguards are being provided in some cities against increases in operating expenditures with the shifting of the bond and interest payments to the later years. These conditions along with the fall in property values and incomes are having the further effect of limiting the financing of improvements through bond issues and the adoption of the pay-as-you-go plans for financing other than self-liquidating public improvements."

Cities Find Refunding Conditions Favorable.—The fortunate condition of municipalities which wrote "callable" provisions into their bonds is cited in a recent bulletin of the Public Administration Clearing House. The city of Los Angeles recently disposed of nearly $3,000,000 by refunding water bonds at the lowest interest rate ever secured—3.5 per cent for $975,000 and 3.75 per cent with a premium of $11,050 for $2,000,000. The nearest approach to this low was recorded a number of years ago when some miscellaneous issues were sold with no premium at an interest rate of 3.75 per cent.

Wichita, Kansas, recently sold an issue of approximately $20,000 to bear a 2½ per cent interest at par, plus accrued interest and a premium of $24.35 per thousand, or an average interest rate of around 2¼ per cent.

Salem, Oregon, was recently able to refund old 6 per cent bonds on a 3 per cent basis. Officials of Portland, Oregon, had been negotiating with eastern bond houses over the possibility of refunding issues totalling more than $5,000,000, including improvement bonds aggregating about $4,250,000, now callable, and $500,000 in water bonds maturing September 1, which officials are hopeful of refunding on a 3½ per cent premium basis. Seattle, Washington, has just authorized the refunding of $3,104,000, spurred on by the success of Bellingham, Washington, in refunding a $256,000 issue at the record low effective rate of 2.694.

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Homestead Exemption Favor Weakening.—Bills to provide for the wholesale exemption of homesteads from *ad valorem* taxation, which were sweeping the state legislature sessions to open early this year, have failed to meet with the legislative favor which many observers anticipated. According to a recent report made by Robert M. Paige for the American Legislators' Association, in 14 states homestead exemptions have already been defeated, and only two states, New Mexico and Utah, have acted favorably on the proposals. Homestead exemption measures are pending in 13 more.

Both of the homestead exemption measures which were passed during 1935 proposed constitutional amendments which must now be ratified by the people at a popular referendum. The New Mexico proposal would authorize the legislature to exempt homesteads up to the value of $2,500. The Utah proposal would apply to homesteads up to $2,000 of their assessed value and personal property up to $300. It will be recalled that a similar homestead exemption amendment was ratified by the voters of Florida last November. A Florida supreme court decision, however, has to a large extent nullified the exemption measure by holding that the exempted homesteads will still be liable to tax levies to retire existing indebtedness. Partial homestead exemptions also exist in Louisiana, Minnesota, and West Virginia; while Texas and Mississippi exempt homesteads from state tax levies.

States which have defeated homestead exemption bills either in committee or on the floor are Arkansas, Colorado, Georgia, Idaho, Kansas, Montana, Nebraska, Nevada, North Dakota, Oregon, South Dakota, Washington, West Virginia, and Wyoming. Iowa's legislature passed such a measure but it was vetoed by the governor. Those states in which exemption legislation still is being considered are Alabama, California, Illinois, Massachusetts, Michigan, Minnesota, Missouri, New York, Ohio, Oklahoma, Pennsylvania, Tennessee, and Texas.

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New Mexico Association Urges Tax Payments.—Apropos the fact that payments for the second half of local taxes will fall due in many local units during June and July, the following comment from a recent issue of the *Bulletin* of the New Mexico Tax Association is worth reprinting:

"It is unfortunate that economic conditions have made necessary the enactment tax postponement laws and the suspension even for a short time of tax collection enforcement procedure. However, there are some of our taxpayers who have failed in better times to follow the practice of paying promptly and have now such an accumulation of unpaid taxes that the state, like a wise creditor, is making it possible for them to pay their debts for the governmental services they have received.

"Then we have some of our property owners and business men who have in recent years suffered such loss of values and diminished income that they have been unable to meet their increasing tax burdens. It is for them primarily that tax relief laws are intended.

"However, there are many of our taxpayers who are still able to 'dig up' the money to pay their taxes on time and to them the appeal is made to 'keep the government going.' The state, counties, cities, towns, villages, and schools can not operate without money to pay for services, supplies, printing, postage, travel expense, etc. As a rule our various governmental agencies have to incur indebtedness before the cash is actually in the treasury even in normal times.

"Delay in tax payment will mean embarrassment to business dealing with state, county and local officials, to employees in all departments and especially to our largest group of public servants—the teachers in the public schools.

"All taxpayers who can possibly do so are urged to pay taxes as usual. No doubt the railroads, the banks, the mines, the telegraph and telephone companies and other utilities and businesses, which provide in their annual budgets for their tax payments, will pay as usual during the present month of April. Property owners with salary and wages or other steady income can appreciate the situation as to the present need for tax payments. Anyone owing taxes for any year including any 1934 taxes can pay them now without interest or penalties."

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Baltimore Defeats Limitation Amendment.—A proposed amendment to the charter of the city of Baltimore, Maryland, to limit the tax rate of real estate and personal tangible property to $1.00 per $100.00 of assessed valuation for all city purposes other than debt service was defeated at the polls on Tuesday, May 7, by a vote of 86,301 against and 50,279 for.

The proposal was placed on the ballot by a petition originated by a city-wide committee sponsored by a local real estate board. The fight against the amendment was led by the Commission on Governmental Efficiency and Economy, which carried on an effective publicity campaign to indicate to the taxpayers the strangling effect of the proposed amendment.

PROPORTIONAL REPRESENTATION

Edited by George H. Hallett, Jr.

Toledo Retains Its New Charter.—Just as this issue goes to press, word comes from Toledo, which voted May 28 on the retention of its new P. R. manager charter, that the voters have retained the charter by a substantial majority. The telegram received from Bernard L. Gladieux, Executive Secretary of the Toledo City Manager League, reads as follows:

"At special election Tuesday, Toledo voted 27, 624 to 18,338 to retain city manager proportional representation charter approved by voters last November. Vote was light yesterday but victory even more decisive than former 5,225 majority. Opposition consisted of city hall political patronage group who forced ordinance for special election through council on basis of petitions on which were thousands of illegal signatures and forgeries as proved by our thorough investigation. Result of election was stinging rebuke to present city administration in its mismanagement of municipal finance which has brought Toledo to verge of bankruptcy. Political opposition made proportional representation main issue, claiming it was a lottery system of voting and un-American. Some labor opposition claimed that city manager league was backed by vested interests with ulterior motives. Deplorable condition of municipal affairs, coupled with civic indignation at extra cost of an unnecessary special election, contributed heavily in our favor. Positive speaking program, showing the way out through city manager, and effective ward organization mainly responsible for our victory. Toledo definitely looks forward to a new day in its municipal government."

The Tale of Two Cities.—Under this title *Greater Cleveland,* organ of the Citizens League of Cleveland, for April 18, 1935, contrasts the experience of Cincinnati under P. R.-manager plan government with that of Cleveland under ward plan-mayor government since it abandoned its P. R.-manager charter in 1931. Some of the statements have only the considered opinion of a reputable civic organization behind them, but others are official figures which speak for themselves. The comparison follows:

A Striking Contrast in Politics and Government

CINCINNATI	CLEVELAND
Population—451,160.	Population—900,426.
Area—72 square miles.	Area—73.95 square miles.
Form of Government—City Manager Plan.	Form of Government—Mayor-council Plan.
Politics—Strictly non-partisan.	Politics—Extremely Partisan.
Changes in Administration—One in ten years.	Changes in Administration—Four in ten years.
Assessed Valuation—$816,229,000.	Assessed Valuation—$1,208,889,391.
Tax Rate (City Purposes)—8.15 mills.	Tax Rate (City Purposes)—14.3436 mills.
Net Bonded Debt—$41,164,572.*	Net Bonded Debt—$102,258,000.*
Interest Rate on Bonds Sold—2.4%.	Interest Rate on Bonds Sold—4.5%.
Reduction in Bonded Debt (4 yrs.)—$10,707,853.	Increase in Bonded Debt (4 yrs.)—$9,756,085.
Deficiency Bonds Issued (2 yrs.)—None.	Deficiency Bonds Issued (2 yrs.)—$9,500,000.
Scrip Issued (4 yrs.)—None.	Scrip Issued (4 yrs.)—$2,387,565.
Salary Payments—Regularly in cash.	Salary Payments—Irregularly—one-half in scrip.
Salary Cuts—Restored all to employees under $1500—one-third to employees over $1500.	Salary Cuts—None restored—no money available—too many on pay rolls.

*Not including self sustaining activities.

Public Safety

CINCINNATI	CLEVELAND
Crime Conditions—Definite reduction in major offenses.	Crime Conditions—Definite increase in major offenses.
Size of Police Force—620.	Size of Police Force—1393.
Number of Police per Sq. Mile—8.6.	Number of Police per Sq. Mile—18.9.
Condition of Police Force—Morale high—no politics—steadily improving in efficiency.	Condition of Police Force—Morale low—demoralized by politics—steadily declining in effectiveness.
Fire Losses (1934)—$555,163.	Fire Losses (1934)—$1,339,048.
Per Capita Fire Loss—$1.20.	Per Capita Fire Loss—$1.83.
Fire Losses Decreased over one-half in ten years.	Fire Losses Decreased nearly one-half in ten years.

The Civil Service

CINCINNATI	CLEVELAND
Merit System—Strictly observed in appointments—no partisan appointments—few changes—city service becoming a career service.	Merit System—Ignored and violated—many and frequent changes for partisan reasons—morale gone—no incentive for career service.
Retirement System—Actuarily sound system in operation—$800,000 in reserve fund—protection in old age for all retired employees.	Retirement System—None, except unsound police and fire pension plan—no fund reserves—no protection for employees in old age.

Merit Appointments—"I know of no position in the city government that has not been filled from eligible lists, the result of a vigorous and impartial civil service examination. The assurance given the city manager that he would be relieved of political or personal pressure has been kept. No patronage committee of a political organization has dictated appointments to any official."—*Mayor Wilson.*	Merit Appointments—We know of few positions where the present city administration has not tried to use it as personal or political spoils. The assurance given the people that the administration would give an efficient administration has been completely ignored. The mayor has been his own patronage committee and is building up his personal political machine. Two-thirds of the ward leaders are on the city pay roll.
Financial Condition—"The sound financial condition of the city is the result of a thorough going budget system, which conserves current revenues and permits only a tax rate that is actually required to render the quality and amount of services that the public needs or wants."—*Mayor Wilson.*	Financial Condition—The unsound financial condition of the city is partly the result of thoroughly bad budgeting, which ignores sound budget procedure; partly the result of searching for more revenue to spend in the form of salaries and wages to partisan favorites.
Public Confidence—"Our citizens have believed in their government sufficiently to pay most of their taxes promptly—real property taxes have been reduced about one-third—96% of the levies have been paid—an outstanding record for taxpaying during these hard times."—*Manager Dykstra.*	Public Confidence—Our citizens have no confidence in the aims of the administration —they do not willingly pay their taxes—rates have been increased—bonds have been issued to make up deficits—a record of tax delinquency which is deplorable even in hard times.
Reputation—"Cincinnati's government is held up as worthy of emulation. Cincinnatians have reason to be proud of the spirit of the municipal administration that has been maintained during the past nine years."—*Mayor Wilson.*	Reputation — Cleveland's government is looked upon as unworthy of emulation. Clevelanders are disgusted with the low tone of municipal administration that has prevailed for the past four years.
Reflex—Cincinnati's good government is reflecting itself in better business, better labor conditions, higher property values, a willingness on the part of investors to invest in Cincinnati, a desire of industries to locate in Cincinnati, a steady improvement of conditions which make a city a good place in which to live and work, and a sense of pride on the part of the people that they are residents of a city of which they can be proud.	Reflex—Cleveland's bad government is reflecting itself in unimproved business, deplorable labor conditions, lower property values, a hesitancy on the part of investors to invest in Cleveland, a manifest refusal of industries to come to Cleveland, and others to move away unless and until conditions are improved, and a sense of shame and impotency on the part of the people that the city should have reached so low an estate.

* * *

Stockholm Goes to the Polls.— On Sunday, March 17, the city of Stockholm, Sweden, went to the polls to elect a new Board of Aldermen (or Stadsfullmäktige). Never before had the city witnessed such an aggressive and hard fought campaign. Hundreds of public meetings were held, large trucks with all sorts of decorations ranging in splendor and expense from the conservative's modernistic trains of floats equipped with loud speakers and adorned with Swedish flags to the cheaply hand-painted, ramshackle equipages of the red communists and the swastika-flaunting nazis, moved up and down all the principal thoroughfares of the city. Scores of election "locals" sprang up in all districts, and not a single day passed that solicitors did not shower pamphlets and throwaways on the prospective voters. The newspapers all actively entered into the fray.

For a month prior to the election, their columns were filled with election appeals and reports on meetings. Nearly all available space on billboards was taken up by brightly-hued election posters. The Social Democrats showed an election film to packed houses in fully a third of the theatres, and the Conservatives employed an autogiro to string their banner across the skies. Finally, several parties proclaimed their messages with still and running electric signs. One must admit that every concievable instrument for influencing public opinion was pressed into action—except the instrument of blunt force.

Not a solitary call to the police to quell disorder was made either during the campaign or during the actual voting. Although the election was bitterly contested, the voter was not molested in the exercise of his sovereign privilege of making up his mind without pressure. There were no charges of intimidation at the polls, no complaints of the denial of the right to vote, and no ascertainable instances of election frauds or improper tallying of the count.

It would be difficult, however, for the uninitiated to find any local issues in the election appeals. The Social Democrats, being in power, were on the defensive, and they naturally pointed with pride to their accomplishments in the conduct of the municipal government. The fight against them was led by the Conservatives, and through their efforts, the attention of the voter was directed towards the program of the Social Democratic party in the national government. Various monopolies had been suggested by the government, which were denounced by the Conservatives as preliminaries to higher taxation and the loss of economic liberty.

The results of the election were disappointing to both of the leading contestants. The intensity of the campaign is seen in the fact that 70.4 per cent of the voters entitled to vote went to the polls. The Social Democrats lost seven of their aldermen, reducing their majority in the board from 52 to 45 and thereby depriving them of effective control over municipal affairs for the next four years. The Conservatives, despite the expenditure of tremendous energy and considerable money, had the ill fortune to lose two of their thirty-five aldermen, while the Liberals jumped their representation from eight to fourteen. To complete the roster the Socialists (Swedish communists) gained two, giving them seven, and the straight-out Communists, with a 245% increase in their popular vote, won a seat in the board. At the first meeting of the new board, the Liberals, with the positive aid of the Conservatives and the negative assistance of the Socialists, demanded and received one of the two vice-presidencies of the board.

Various interpretations of these results have been offered. The proportional method of voting enabled the Liberals to make their extraordinary gain—at the expense of the Conservatives—but there is no audible discontent with the system. The voters are satisfied with P.R.; they want no return to the old unfair and unrepresentative majority elections.

But it has been shown that where the party-system operates in a local election, national issues cannot be eliminated. Sweden has borne up remarkably well during the current economic crisis in the rest of Europe, with its intense nationalistic pressures. Nevertheless, the superior loyalty to the blue and gold national standard, favored by the parties of the Right, over the red flag of international brotherhood, which is still conspicuous at Social-Democratic meetings, was conclusively demonstrated. It was rumored, too, that there was internal dissension within the government party. But the boast of the Right that they had won the youth, the new voters, was disproved by the Social Democrats.[1] The resulting distribution of seats gives to the votes of the extreme Left a ficticious importance. The most significant gain was that of the moderate element in the Folk (Liberal) party, and, since it was made chiefly in the middle-class districts of south and west Stockholm, one may conclude that the average citizen in the Swedish metropolis wants to see the great social program of the government continued, although perhaps at a somewhat reduced rate.

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[1] By comparing the vote in the aldermanic election (age qualification: 24 years) with the vote in the concurrently conducted election of senatorial electors (age qualification: 27 years). The Social-Democrats received 40.4 per cent and 40.2 per cent respectively.

—Roy V. Peel

(Professor of Political Science at New York University on leave of absence for governmental research abroad).

Stockholm

Jane Addams.—Believers in electoral justice as the foundation stone of democracy have reasons of their own for joining in the universal tribute to Jane Addams. The same passion for human brotherhood which inspired her manifold activities from Hull House in Chicago to world-wide organization of women for international peace and freedom made her an early and consistent advocate of representation for all. From 1921 until her recent death she gave her great influence to the work of the Proportional Representation League as a member of its Advisory Council.

GOVERNMENTAL RESEARCH ASSOCIATION NOTES

Edited by Robert M. Paige

Minnesota Taxpayers Association.—The Association has just issued a booklet entitled "Minnesota Taxes—Where They Come From and Where They Go." This has been planned as a reference book for taxpayers and public officials and contains a great deal of useful statistical information on sources of revenue, trends in the yields of various taxes, trends in expenditures for various purposes, and trends in indebtedness. The Wisconsin Taxpayers Alliance issued a similar reference book last year.

The Minnesota Association actively supported a so-called "expenditure control" bill in the recent session of the state legislature. This bill would have provided for state supervision of local accounting, established a definite procedure for the preparation and adoption of budgets and the holding of public hearings thereon, compelled adherence to the budget except in cases of emergencies, put all municipalities on a cash basis, and given the State Tax Commission power to veto any proposals for increasing the bonded debt in those communities in which the total debt, including overlapping debt, now exceeds 7 per cent of the full value of taxable property. The bill passed the house but failed by five votes in the senate. However, there is reason to believe that it may be enacted at the special session which will be held later this year.

*

Toronto Bureau of Municipal Research.—The Bureau's twenty-first annual report has just been issued. During the past twelve months the Bureau has issued eleven White Papers and Open Letters. These have dealt chiefly with the city's financial condition, critical because of the relief situation. The Bureau is suggesting that the financing of unemployment relief be accepted as a responsibility of the dominion and provincial governments, that only the care of chronic dependents be the responsibility of municipalities, and that all local welfare work be coördinated in one professionally administered department of public health and welfare.

A complete revision of the city's salary schedule adopted almost ten years ago, formation of a housing authority (to begin plans for carrying out the slum clearance program suggested by the Bureau's report on this subject in 1918), the creation of an advisory committee on city planning, and a reorganization and consolidation of city departments are some of the other recommendations of the Bureau reiterated in its annual report.

*

Citizens Research Institute of Canada.—The Institute has just completed its fifteenth year of activity in the interests of citizens and taxpayers of Canada. During the past twelve months the Institute furnished consulting and advisory services in a number of instances. A financial and administrative survey was made of Merritton, Ontario, with the consent and coöperation of the officials and at the instance and expense of private firms and individuals. Coöperation was extended to the county and city of Saint John, New Brunswick, in equalizing for county purposes the valuations as between the various parishes and as between the parishes and the city and in setting up a system which would provide for more scientific valuation and would tend to keep valuations equalized. The Institute also prepared extensive reports for a board of trade and a chamber of commerce at their expense. During the year the director served on a commission appointed by the Corporation of the city of Montreal to report on new sources of revenue and other means of balancing the budget. The director is at present serving on the Ontario Royal Commission appointed to report on methods to be adopted in amalgamating the "border cities," which amalgamation had previously been decided upon.

The taxation branch of the Institute issued a number of reports during the year on the cost of government in the dominion. The director of the Institute, Horace L. Brittain, is also the director of the Toronto Bureau of Municipal Research.

*

Providence Governmental Research Bureau.—Since the first of the year the Bureau has made two studies for other civic groups. For a local taxpayers' association the Bureau reported on the revenue possibilities of sales, income, liquor, and tobacco taxes; analyzed the probable yield of an increase in the gasoline tax; and presented data on current tax burdens and public indebtedness. For the Retail Trade Board the Bureau made an analysis of the taxes paid by retailers in the central business district of the city. This study involved an examination of every piece of property in this section to determine approximately the proportion of each taxpaying property that was devoted to retail trade purposes.

In March the Bureau planned a conference of the executive officers of research bureaus, taxpayers' associations, and other civic groups in New England. It was the first meeting of its kind in this part of the country and about thirty persons were in attendance. Speakers at the all-day session included: Professor Harry E. Miller of the Department of Economics of Brown University, Henry Minot of the Massachusetts Federation of Taxpayers Associations, John Pearson, director of the New Hampshire Foundation, Norman MacDonald, director of the Springfield Taxpayers Association, Henry D. Sharpe, president of the Providence Governmental Research Bureau, and Professor Mathew C. Mitchell of the Department of Political Science of Brown University. Plans are being made for another meeting of the same group in June. The Providence Bureau is also preparing to help with the local arrangements for the annual meeting of the National Municipal League to be held in Providence, November 25 and 26.

A series of articles prepared by the Bureau are now appearing in the Providence *Journal*. These articles deal with governmental problems, general and financial, and relate particularly to conditions and situations of interest to Providence taxpayers. These articles are meaty and full of factual data explained in simple terms and fully interpreted.

The Bureau's report on the Providence Fire Department completed last year was awarded second place in the competition for the Governmental Research Association's 1934 certificate for the "most noteworthy piece of research" completed by any member during the year. Leslie Gravlin of the Bureau's staff was largely responsible for the preparation of this report.

In March the Bureau published the first issue of a bulletin which is henceforth to appear at least once a month.

*

City Club of Portland (Oregon).—The annual report of the executive secretary, C. Herald Campbell, has just been published. After setting forth the improved financial condition of the Club, largely the result of an increase in membership, the report summarizes the activities of the Club's committees. Twenty-five reports were published last year and fourteen committees are now at work on reports. The Committee on Reorganization and Refinancing of the Public School System in Oregon has been working on its project for nearly two years. A final report is expected this spring. Another committee (the same one which published in 1933 a report on the City Manager Plan for Portland) is studying the problem of civil service.

Other committees are studying the proposed Columbia River Highway development, terminal facilities and mass transportation, the city plan, adult education forums, a civic opera, the proposed street transportation franchises, development of the Columbia River, traffic control, marriage license laws, and the federal income tax as applied to Oregon residents.

RECENT BOOKS REVIEWED

The Reorganization of County Government in Ohio.—Report of the Governor's Commission on County Government. Submitted to the Governor of Ohio, December, 1934. Columbus. 190 pp.

Here is an admirable descriptive study of the organization and administration of county government in Ohio, resulting in the recommendation that one of three forms of government be adopted by Ohio counties: (1) the county manager plan, (2) the limited executive plan, and (3) the elective executive plan.

The report not only presents a clear picture of the present status of the administration of county government of great value to the student of the subject in other sections of the country as well as to interested Ohioans—it does more: it presents a wealth of information in concise, well organized, readable form. The summary of the principal findings and recommendations of the commission is a model of intelligent condensation. Leaders in the movement for improvement of county government in Ohio should find ample factual ammunition in this document. Charles P. Taft, 2nd, vigorous Cincinnati reformer and author of "City Management—The Cincinnati Experiment," was chairman of the governor's commission responsible for the report and Raymond C. Atkinson of the Ohio Institute was director of research.

*

The Municipal Year Book, 1935. Edited by Clarence E. Ridley and Orin F. Nolting. Chicago, International City Managers' Association. 1935. 392 pp. $4.

The second issue of the municipal administrators' almanac has arrived and once more within two covers (the covers are farther apart this time for the book is considerably larger) may be found an epitome of information highly useful to those engaged or interested in city government.

As in the former year book, authorities have been asked to sum up within a page or two the highlights of what has happened in their respective fields during the year just past. Taken as a whole their statements are encouraging. Louis Brownlow points to a growing *rapprochement* of city, state, and federal government but asserts his belief that municipal government will become more rather than less important in the general scheme. Clifford N. Amsden reports a newly awakened public interest in the merit system; C. E. Rightor says that the municipal bond market improved steadily through 1934 and the financial position of municipalities was strengthened by state laws, amendments, and court interpretations. There was a definite trend toward a cash basis in municipal budgeting according to A. E. Buck. Philip H. Cornick reports that a larger percentage of current tax levies were collected in 1934 than in 1933. Special assessments as a source of municipal revenues have continued the decline started in 1928.

A national movement has started for the development of standards for municipal accounting according to Carl H. Chatters. It was a hard year for governmental purchasing agents declares Russell Forbes, feelingly. Between pinched budgets and "New Deal" efforts to raise prices, the purchasing agent steered a rough course, in spite of which progress was made in the spread of centralized purchasing to new fields. Flavel Shurtleff beams with the news that there never was such a year as 1934 for planning studies and planning reports.

Public welfare, housing, public health, police and fire administration, public works, municipal utilities, schools, public libraries, judicial administration, developments in county government and in council-manager government—the reader interested in any of these will find fresh and helpful data in the year book.

For the first time the number of local government units has been counted accurately. William Anderson who made the count has written an article which condenses the material in his study on the subject which appeared during the year. Other new sections in the year book include data on 96 metropolitan districts in the United States, legal classification of cities by states with discussion of the forms of city government which they may adopt, a section on municipal personnel which gives the number of employees in each city, salary and wage expenditures, salary cuts and restorations since 1930, and detailed data on retirement systems in 257 cities over 30,000 population. There is an account of the activities and services of state leagues of municipalities and also a section informing municipal officials of federal agencies and national organizations ready to help them on specific problems.

Information on receipts, expenditures, and indebtedness of nearly 250 cities is given in tabular form. The book includes the usual directory of 17 city officials in all cities over 10,000, also a directory of council-manager cities.

The year book allows the local administrator to proceed with the confidence born of acquaintance with facts and a knowledge of trends. It is a handbook plus.

*

Welfare, Relief and Recovery Legislation, Federal and State 1933-34. By Marietta Stevenson and Susan Posanski of the American Public Welfare Association. Chicago, Public Administration Service. 33 pp. 25 cents.

The largest proportion of the 525 laws relating to welfare, relief, and recovery passed by the states during 1933-34 pertained to relief financing. State laws on public works ranked second.

With the federal government coming to the relief of the states in sharing the burden of unemployment relief, both the standards of administration and adequacy of relief were improved. Out of the unrelated mass of individual attempts to solve what states believed at first to be only a temporary problem, long-term planning for public welfare is developing. This digest of laws points out the significant trends in a period of tremendous growth in social legislation.

*

Government Career Service. By Leonard D. White. Chicago, The University of Chicago Press, 1935. 99 pp. $1.50.

As civil service has grown in this country, too much emphasis has been placed on the recruitment aspect, or rather, a disproportionate share of emphasis. It is extremely important to have a system that will ensure the admission of a high grade of personnel to governmental service, but this is far from adequate. Unless there are provided within the system training to permit assumption of increased responsibility, means for promotion as ability develops, and a well functioning plan for retirement, civil service tends to become static, wasteful of the ability available within it and more attractive to those who enjoy settling in a comfortable rut than those with ambition and initiative.

Leonard D. White, a member of the United States Civil Service Commission, presents a plan for establishing a career service with special reference to an administrative corps which he defines as the highest permanent civil officials and the corresponding lower positions which lead by promotion to these high posts, in all, approximately 2,500 appointments in a service of nearly 700,000 positions. Such a service, he estimates, could be completely installed, using the positions now under the merit system, in a period of twenty years, with practically no added expense and with no change in the existing rights and privileges of any member of the classified civil service.

Other countries are far ahead of us in the matter of careers in public service. It is to be hoped that there will be little loss of time in utilizing the blueprints for action provided in Dr. White's stimulating book.

*

Mr. Justice Cardozo. By Joseph P. Pollard. New York, The Yorktown Press, 1935. 327 pp. $3.00.

That "constitutions are flexible instruments, well able, when interpreted by judges of vision, to care for the needs of an unforeseen and expanding day" is one of the beliefs of Mr. Justice Cardozo, one of the most liberal judges ever to have sat on the Supreme Court of the United States. When the city of Utica contracted to buy land for an airport and proposed to offer a municipal bond issue to pay for it, it was argued in a taxpayer's suit that the constitution provided that no city should be allowed to incur any indebtedness except for city purposes and that the creation of an airport was not a "city purpose." Judge Cardozo (then Chief Justice of the New York Court of Appeals) writing for a unanimous court, threw out this contention. The city planned to spend money for a perfectly valid and praiseworthy "city purpose," he said. In the race of competition the city without the foresight to build the ports for an established method of transportation whose importance was growing rapidly, might be left behind.

Too frequently are judges' decisions strait-jacketed by precedent. Judge Cardozo's decisions and opinions in the twenty-one years he has been on the bench, progressing to the highest in the land, never waver from the viewpoint that the judge's function is to mould the law to fit its ends and "its ends are to serve mankind, not mankind the law."

Through the author's method of presentation the reader is enabled to study for himself Cardozo's broad and sympathetic interpretations. Cases that came before Judge Cardozo are described and following each, Cardozo's decisions and opinions. The cases are divided into general classes—personal injury, family strife, crime, constitutional problems, workmen's compensation, labor troubles, business and government, libel, international affairs. A knowledge of law is not necessary to an appreciation of the story Mr. Pollard has to tell. For the layman there is the element of surprise in observing how "human" law can be—how in the hands of a strong and wise judge it can be used to answer the needs of the people.

*

Mechanical Aids in Tax Accounting, City of Newark, N. J. By Howard G. Fishack and Loren B. Miller, 1935. 24 pp. Apply to Citizens' Advisory Finance Committee, Newark, N. J.

Three complete sets of hand-written books entailing a large amount of comparing and checking had to be prepared by the assessor. The routine of preparing tax bills, collecting and receipting them involved much duplication and lacked safeguards recognized as necessary in modern municipal accounting. A measure adopted by the state legislature in 1934 required that taxes henceforth be billed twice yearly with quarterly payments instead of once a year, due in two parts.

It was at this time that a study was made of the finance offices of Newark and as a result, modern addressing, tax billing and collection procedure was introduced and mechanical equipment installed that performs the work with accuracy and speed and automatically provides controls. They provide a follow-up system on both current and delinquent taxes and are given a large share of credit for the fact that current tax collections in Newark last year improved 5 per cent and delinquent collections 10 per cent. This bulletin describes the machines and their operation in detail. Photographs of both machines and records produced add to the clarity of presentation.

*

Sedgwick's Principles of Sanitary Science and Public Health. Rewritten and enlarged by Samuel C. Prescott and Murray P. Horwood. New York, The Macmillan Company, 1935. 654 pp. $4.25.

Two students and colleagues of Professor Sedgwick bring up to date a volume which for a quarter of a century has been an authoritative source of information in the field of sanitary science. Several chapters have been rewritten and there are fourteen new chapters dealing with subjects that have achieved importance in the recent development of public health education and practice.

Included in the new material are discussions of the sanitation of swimming pools and summer camps, milk supplies, rats, flies and mosquitoes, air and carbon monoxide poisoning, the relation of housing to health, child health, and the public health aspects of tuberculosis. A description of the organization for public health administration in the United States completes this well-rounded presentation which, while it will probably find its greatest usefulness as a text-book, will be kept within easy reach for reference by public health officials and social workers.

The Budget in Governments of Today. By A. E. Buck. New York. The Macmillan Company, 1934. 347 pp. $3.00.

Prolonged depression has won for the problems of budget-making an attention which they have never had before. The enormous difficulties, economic and political, of meeting fixed and inflexible expenditures in a period of shrinking public income would alone have been formidable, but on top of these have come the problems of financing relief and recovery measures that have given cities, states, and nations almost insuperable tasks.

The financial and political troubles of budget-makers have weakened some aspects of budget-making and strengthened others. The temptation to conceal or mislead in budget statements has in many cases proved irresistible but, on the other hand, the executive scrutiny of department operations has almost everywhere been sharpened. And, in addition, particularly in municipalities, there has come from lending sources pressure for sounder methods of procedure which promises much permanent good.

Those who are seeing such improvement should welcome this volume by the leading American student of budget-making. Dr. Buck is no armchair observer. To his long and intimate association with the actual development of sound budget systems in cities and states all over the country has now been added the unusual opportunity which comes from being called in as technical advisor by the United States Director of the Budget. He possesses the rare gift of simple, lucid statement.

Dr. Buck reduces his creed to "three essential features: equilibrium, comprehensiveness and annuality". The author finds "three essential elements" of budgetary process: (1) the formulation of a financial plan, (2) the authorization of this plan, i.e. the procedure for formulating, authorizing, executing, and controlling the plan, and (3) the accountability of some governmental authority for each successive stage in this procedure, and the expenditure of the moneys provided. Before proceeding to discuss each of these elements he examines the respective roles of the executive and legislature. Apart from an introductory historical sketch the treatment is wholly functional and includes abundant discussion of budget practise in all parts of the world, particularly in Europe and the British dominions. It is a great boon to have this comparative material distributed functionally so that it may illumine the discussion of the life history of the budget.

This volume is concerned, not with the financing but the procedure of the budget. It emphasizes what might be called normal procedure of budget-making rather than the abnormalities which harassed budget-makers have introduced. It is in short a contribution—a particularly authoritative one—to political science rather than to political economy. An exception is to be found in the discussion of "equilibrium" or balance of the budget where Dr. Buck adventures briefly, possibly inadequately, into the economics of the budget. I wonder if a distinction is not to be made between sound procedure and sound public policy. Is is not possible to conceive of a budget statement that would be "balanced" in that it showed exactly and completely how much the community proposed to spend for its fiscal year and how it proposed to raise this money, yet be "unbalanced" in that it proposed an unwise reliance on borrowing for current expenses? I admit—nay, insist—that such a policy leads a city to bankruptcy or a nation to inflation. Nor do I overlook the fact that the makers of an unsound budget will endeavor to conceal its unsoundness in a statement which will be unbalanced in the technical sense in that it is apparently but not actually complete. Adequately to discuss the financial policy of public expenditures one must range over borrowing for capital and current purposes, taxation, debt adjustment, salaries, and the rapidly expanding list of services for which public money is spent. None of this would be within the proper scope of Dr. Buck's volume. On the other hand I would like to have him discuss the treatment of property tax delinquency, normal and "emergency" borrowing, and current deceptive practises in the "balanced" budget statement and the fad of excluding abnormal expenditures from budgets, so called.

The author concludes his work with an incisive and provocative discussion of the future of the budget in the United States.

Joseph D. McGoldrick
Former Comptroller of New York City

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JULY : 1935

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THE LEAGUE'S BUSINESS

An Expression of Thanks.—We are very glad to publish the following letter, recently received from Mrs. Mary Foulke Morrisson, daughter of the League's former president, William Dudley Foulke, whose death was mentioned editorially in our last issue.

"Will you please express to the officers of the National Municipal League the appreciation of my mother and of us all for your kind letter and the nice account of my father in the NATIONAL MUNICIPAL REVIEW. My father was deeply interested in the League work—and long after his active days with it were over he would talk about its problems and plans. He felt keenly that our municipal government was—as has been said—the Achilles heel of our democracy and put the rest of his mind and energy into the work to better it. I used to read the REVIEW to him whenever it came—almost up to the last—and his comments were always vigorous and discriminating. Again many thanks for your tribute."

* * *

You and Your Government.—"Taxation for Prosperity" is the title of Series XI of YOU AND YOUR GOVERNMENT broadcasts now on the air every Tuesday evening from 7:45 to 8:00 o'clock eastern daylight saving time. The National Municipal League is publishing all addresses and discussions in this series. Copies of individual programs may be obtained directly from the League for fifteen cents each, or $2.00 for the entire series of fifteen broadcasts. These printed copies of the programs will contain special reading lists on the topic involved, prepared by Dr. Mabel L. Walker, Executive Secretary of the Tax Policy League. Subjects and speakers for coming weeks follow:

JULY 16—"Missing the Intangibles," William Bennett Munro, California Institute of Technology; former President, American Political Science Association.

JULY 23—"Does Real Estate Pay Too Much?" Joseph D. McGoldrick, Columbia University; Member New York City Charter Commission; former Comptroller, New York City.

JULY 30—"Tax Exemptions," Lawson Purdy, Comptroller, Corporation of Trinity Church; former President, New York Department of Taxes and Assessments.

AUGUST 6—"Tax Dodging By Constitutional Amendment," Edwin A. Cottrell, Executive Head, School of Social Sciences, Stanford University.

AUGUST 13—"Single Tax vs. Triple Tax," Walter Fairchild, Attorney; Secretary of the American Association for Scientific Taxation, Inc.; and Harold S. Buttenheim, Editor, *The American City Magazine.*

AUGUST 20—"Who Gets the Tax Money?", John N. Edy, Assistant Budget Director of the United States.

* * *

Commendation from Wheeling, West Virginia.—Mr. Julian G. Hearne, Jr., chairman pro tem of the Wheeling Association, writes Walter Millard, field secretary of the League, under date of June 17, as follows:

"Personally, and on behalf of the Wheeling Association, I can not too strongly express our appreciation for your visit to Wheeling during our first proportional representation count. Had it not been for you, the ballots marked first choice for the deceased candidate, Stauver, would have been declared invalid which, of course, would have worked an injustice to all those voters who so marked their ballots. Then, too, your help and suggestions throughout the sorting of the ballots and the actual P. R. count speeded things up considerably and prevented other mistakes from being made. It is unfortunate, indeed, that the city authorities did not listen to the suggestions of the Association that you be retained in advance of our election to confer with our director of the count.

"You and the National Municipal League are to be greatly commended for your services to Wheeling and other cities operating under the P. R. system."

The Wheeling Association was instrumental in securing Wheeling's new city manager-proportional representation charter, adopted in April of this year. The story of its first P. R. election under the new government will be found on page 406 of this issue.

HOWARD P. JONES, *Secretary*

Editorial
Comment
❖
July

NATIONAL
MUNICIPAL REVIEW

Vol. XXIV, No. 7 Total No. 229

A New Invention In Debt Limitation

It is one of the foibles of the human race to stop at the solution of immediate problems. Those that go into next month or next year or overlap generations give us headaches and we play golf instead. Or used to. After all the experience municipal governments have had and are having with respect to the burden of debt they accumulated during the roaring twenties, for example, comparatively little is being done to prevent the recurrence of the same experience.

The suggestion made in last month's issue of the National Municipal Review by Karl Scholz, professor of economics at the University of Pennsylvania, to limit non-self-supporting indebtedness is one of the few bits of new thinking on this subject that have come our way recently. Professor Scholz kills several birds with one stone in an interesting scheme which provides a statutory debt limit for municipalities that would tend to restrict borrowing during periods of prosperity and expand it during periods of depression. In other words, he ties the debt limit to the business cycle by expressing the limit in terms of a percentage of an average of assessed valuations over a period of time. If this sounds complicated in theory, it is simple in practice. Thus, to quote from the article, "the legal basis for borrowing in 1935 might be made a fixed percentage of the mean average of property assessments for the years 1930 to 1934 inclusive. If a sufficiently long period of years is chosen for this forward dated moving average, the legal borrowing power of a municipality might be made to expand during protracted periods of depression. . . on the other hand, with increasing business recovery, and rising property values, legal borrowing power would not expand until the increases in assessments at the end of the chosen series of years exceeded the declines in the earlier years." Professor Scholz' computations show that, during the past depression, had his plan been carried out on a nine-year basis, the legal debt limit would have continued to rise until 1935, whereas it would have been held back during the twenties.

It is to be hoped this intelligent suggestion will actually be put into operation somewhere. Even if not, however, it is concrete evidence of the possibilities that lie in the invention of new methods in the field of political action.

Soporifics And Tax Limitation

THE case against tax limitation has been sufficiently proved by experience so the issue might be thought to be a dead one. Quite the contrary, however. In New York State, where a 2 per cent tax limitation act passed the senate this year but failed in the assembly, renewed efforts are being put forth to obtain its passage at the next session. In Georgia the people will vote on a constitutional amendment for limitation in the fall and in other states the issue will be pressed.

Let there be no mistake as to motives: the real estate groups and others behind the tax limitation program are 100 per cent sincere in their efforts to limit the general property tax and force governments to locate other sources of revenue. Here is no deliberate attempt to cripple local government; here is simply a singleness of purpose. "We'll only pay so much; get the rest of your money somewhere else or go without." In a nutshell, and without prejudice, that expresses, we believe, the program of the tax limiters.

* * *

Of course, past experience has demonstrated that tax limitation laws don't limit—the pressure is too great: they do lead, however, to worse evils than those they seek to remedy. But even assuming that we could pass a law which *would limit* by preventing local governments from raising assessed valuations and curtailing temporary borrowing power, the fact remains that the very services in which property owners are most interested would probably be hit hardest. Certainly one of two things, neither of which we want to happen, would happen: either the essential services of local government that we have fought so hard to maintain during the depression would suffer seriously or there would be defaults on bonds.

* * *

The NATIONAL MUNICIPAL REVIEW, however, questions the whole approach to the problem involved in the tax limitation idea. The objective we are seeking is honest and efficient administration of the services the public demands, such services to be financed through as equitable a revenue system as can be devised. In the administration of the public business it is, of course, necessary to exercise controls over expenditure. Such controls, however, should not be arbitrary and artificial in their application to services that constitute the foundation of our communities. Limitation of expenditure as well as increase in expenditure should be the result of bringing intelligent judgment to bear upon the problem.

Finally, the REVIEW suggests that wherever the issue of tax limitation is up for decision, citizens' councils, research bureaus, civic organizations, or other agencies assume the responsibility of finding out exactly what tax limitation will do to the particular unit of local government concerned, and publicize the fact in order that citizens may know in advance what they may be facing. The idea of a reduction in your taxes or mine is so pleasant a soporific it may induce unconsciousness at the very time alertness is most needed.

H. P. J.

Old Age Security

Congress acts favorably on President's social security program

EDWIN E. WITTE

Executive Director, The President's Committee on Economic Security, 1934-1935

IN 1934 it proved impossible to get through Congress a bill appropriating $10,000,000 per year for old-age assistance, despite favorable committee reports. In 1935 Congress, in title I of the social security act, has authorized appropriations for the same purpose amounting to $50,000,000 in the first year and of "a sum sufficient" in subsequent years. This, in the face of estimates that within five years "a sum sufficient" will mean an annual expenditure of $400,000,000. And the only criticism that has been made of this part of the social security act is that it does not go far enough.

The first explanation which occurs to everyone for this marked change in attitude within one year is the Townsend movement. This movement has indeed been one of the most extraordinary phenomena we have ever witnessed in this country. Launched in January 1934, and originally proposed as a pension plan for the state of California, it attracted little attention until President Roosevelt, in his message of June 8, 1934, indicated that he intended to offer a comprehensive program for social security to the Seventy-Fourth Congress. Recast as a plan for national legislation, the Townsend movement in a few months gained millions of adherents in every part of the country. This remarkable growth occurred in spite of devastating criticism and frequent changes in the plan, several splits within the organization, and nasty charges of financial irregularities. Although Roger Babson characterized it as "the craziest idea that has ever been foisted upon an unsuspecting public," and practically every economist in the country endorsed this view, more than twenty million people signed petitions for its enactment and more individual letters supporting it were written to the President and members of Congress than for any other proposal ever to come before the country.

Yet it is doubtful whether the Townsend movement helped or hindered the cause of old-age security. The deluge of letters and petitions indicated such widespread demand for old-age pensions that enactment of an old-age pension law became inevitable, but the Townsend plan aroused such great hopes among the people naturally most interested in pensions that Congressmen could get no credit for voting for any pension plan within the realm of possibility. The net effect was to hold up the social security act for some months and to divert attention from the state legislatures, where the laws under which old-age pensions are actually paid must be written. The Townsend plan made Dr. Townsend a national figure, afforded profitable employment to the promoters who ran the movement while the doctor occupied the spotlight, and gave many unsuccessful politicians everywhere a new issue on which to appeal for votes. But the millions of elderly people who paid the bills got very little, if anything, for their money other than a mass of false statistics and incredible promises.

The Townsend movement was more of an effect than a cause. It resulted from the prevailing widespread distress and the tragic lot of so many old people who are thrown upon the public for support. When the relief load was at its peak last winter, almost a million men and women over sixty-five were on the relief rolls. All of them belong among the unemployables who, under the policy first announced by the federal government in December 1934, are once more to become the responsibility of the state and local governments.

OLD AGE PENSIONS NEEDED

Public opinion in the United States, as in all advanced countries, has for some years recognized that the payment of old-age pensions is the most humane and least expensive method of providing for the dependent aged who do not need institutional care. Prior to the President's social security message, twenty-eight states and two territories had enacted old-age pension laws, and, so far this year, six more states have done so. In the year 1934 the number of pensioners under state old-age pension laws more than doubled, increasing from 115,000 at the beginning of the year to 231,000 at the close.

As indicated by the much larger number of old people on emergency relief, however, it is clear that there should be many more old-age pensioners. The average pension grants in 1934, moreover, were only $15.50 per month, these grants being made on an individual rather than a family basis. While even this average pension is much better than the average allowance of a little more than $26 per family on direct relief, it is clearly inadequate in most parts of the country.

In order that aged pensioners shall be more adequately cared for, and to enable the government to carry out its announced policy of returning responsibility for the care of unemployables to the states, federal aid is essential. Unaided, many states are financially unable to provide adequate pensions to their aged dependents. To meet this situation, the social security act provides that the federal government will match the expenditures of the state and local governments for old age assistance, but will not contribute more than $15 per month toward any one pension. Control over the old-age assistance grants is left with the states and it is contemplated that these grants will vary with the needs of the pensioners and their income from other sources. But only needy persons may be assisted, the social security act retaining the principle which has been followed in every country throughout the world granting free pensions, that only those persons who have no means of their own and no children who can afford to support them shall be supported by the general taxpayers.

Provisions under which old people without means will have a decent and assured subsistence are the first essential in any program for old-age security. Old-age assistance alone, however, falls far short of a really adequate program.

Old-age assistance does not, as critics of the social security act assert, require the recipients to take the pauper's oath. Thirty dollars per month to an aged dependent (which amounts to $60 per month to an old couple) is not only much better than the amount allowed for the support of old people included in relief families but is more liberal than are the old-age pension grants in any other country in the world. Nor is there anything in the social security act which limits old-age assistance to $30 per month. While the federal aid is limited to $15 per month, this is to give substantially the same amount of aid in all cases, not to limit the state grants. Even now some grants in urban centers exceed $30 per month and the principle that old-age assistance shall be sufficient, with other income of the pensioner, for "a reasonable subsistence compatible with decency and health," will require many more such grants in which the state and local governments will have to contribute more than the federal government.

Except at a ruinous cost, however, free pensions can be granted only to old people who are dependent upon the public for support and the pensions can provide no more than a reasonable subsistence. Theoretically, of course, all elderly people might be pensioned at an amount enabling them to live in some degree of luxury. Practically, there will be no stopping point and the costs are certain to prove unbearable. Pressure exerted by veterans' lobbies upon Congress will seem very feeble in contrast with the pressure which can be applied for lower age limits and higher pensions, once the country commits itself to the principle of free pensions for everyone of a specified age.

The difficulty lies in the magnitude of the old-age problem. There are now approximately 7,500,000 people over sixty-five years of age and 11,000,000 over sixty. For decades the number and percentage of the old people in our population has been increasing and this trend is certain to continue until we have attained a stable population. There are now twice as many people over sixty-five years of age as there were thirty years ago. By 1970 we will have at least 15,000,000 in this age group and by the end of the century over 19,000,000. Instead of the present 6 per cent of the population above sixty-five, we will have more than 12 per cent long before the year 2000. And these figures make but little allowance for further advances in life expectancy.

Not only must we look forward to a great increase in the number and percentage of our population in the older age groups, but we must also expect an increasing rate of dependency among the aged. There is a pronounced trend in industry toward employing only younger men and also a weakening of the sense of the responsibility of children for the support of their old parents. The long depression has wrought great havoc with savings and, beyond question, many people now of middle age or older will find themselves unable, without help, to build up adequate protection for their old age in the few remaining years of their industrial life. As has been the experience throughout the world, we must anticipate a rapid increase in the percentage of older people who will qualify for old-age assistance on a needs basis, and a still greater increase in the absolute number of such persons. On the basis of Canadian and European experience, actuaries estimate that free pensions on a needs basis, averaging but $25 per month, will cost (if the only provision for old-age security is old-age assistance) $800,000,000 by 1940, $2,000,000,000 by 1960, and larger amounts thereafter. The remarkable spread of the Townsend movement, moreover, strongly suggests that this country will not long be able to pursue the policy of pensioning only those of the old people who are dependent upon the public for support and of limiting the pensions to an amount sufficient for a reasonable subsistence. If free pensions are granted to all old people, the actuarial estimates cited will be greatly exceeded. A free pension of $30 per month to everybody now sixty-five or over will cost nearly $2,500,000,000, which is considerably more than one-half the total ordinary expenditures of the federal government and above one-fourth the total federal, state, and local taxes annually collected for all purposes. With the increasing number of old people this total will mount rapidly; and once we have free pensions for everybody we will not stop at $30 per month or maintain as high an age qualification as sixty-five years.

CONTRIBUTORY ANNUITIES

To forestall such impossible tax burdens as a free pension system is certain to involve and to give a more adequate measure of old-age security than is possible through old-age assistance on a needs basis, the social security act provides (as the second part of the national program for old-age security) for the establishment of a system of contributory old-age annuities for substantially all urban workers other than those who are employed in private domestic or governmental service. Under title II, which will come into operation in 1942, annuities will become payable to all workers of the included groups upon retirement at age sixty-five or thereafter. These will be in proportion to their earnings during their years of employment, but at a higher percentage for the lower paid than for the better paid workers. The minimum annuities will be $10 per month, the highest $85, with $50-65 the probable average for workers now in the younger age groups.

On title VIII the social security act levies taxes on the groups of employees included in the federal old-age benefit system and their employers, which in the course of the years will, it is hoped, produce approximately enough revenue to equal the cost of the old-age benefits. In any year or as to any individual, however, there is no exact correspondence between tax collections and benefit payments, nor is the tax in title VIII definitely earmarked for the purposes of title II. The initial rate of tax is 1 per cent on the employer and 1 per cent on the employee computed on the employer's annual earnings. This is increased by ½ per cent at three-year intervals, reaching the maximum of 3 per cent in 1949 and thereafter.

PROBLEMS TO BE MET

Beyond question, the administration of a national old-age benefit system such as is provided for in the social security act will present many difficult problems. Despite the very complete separation of titles II and VIII, moreover, attempts will be made to invalidate this program on the doctrine of the child labor tax case. While the attorney-general and many other eminent attorneys who have been consulted believe it to be unassailable on constitutional grounds, no one can be certain what will be the outcome until the Supreme Court has passed upon the legislation.

But the program proposed is fundamentally sound from the economic point of view. The only politically practical alternative is a free pension system for all citizens of the country who reach a specified age. This alternative involves such great costs and heavy tax burdens in future years that there can be little question but that the plan for old-age security embodied in the social security act is greatly preferable.

Security For Mothers and Children

The federal government taking steps to provide aid for dependent children, maternal and child health, aid to child welfare services, etc.

KATHARINE F. LENROOT

Chief, Children's Bureau, United States Department of Labor

In his message to the Congress on January 4, 1935, President Roosevelt said: "I recall to your attention my message to the Congress last June in which I said: 'among our objectives I place the security of the men, women, and children of the nation first.' That remains our first and continuing task; and in a very real sense every major legislative enactment of this Congress should be a component part of it."

At this writing both houses of Congress have passed the Wagner-Doughton-Lewis bill and it is now in conference. This bill is designed to afford a basis for meeting in part one of the three major security needs outlined by the President—the need for "some safeguard against misfortunes which cannot be wholly eliminated in this man-made world." The other two major needs the President has described as the need for the security of a livelihood and the security of decent homes.

Mothers and children, as well as the breadwinners and the aged, are subjected to hazards and vicissitudes affecting life and health, and two of the titles of the "economic security" bill are designed to meet their special needs by laying a foundation for federal, state, and local coöperative effort in strengthening and extending established systems of aid, health care, and social protection. In a larger sense, however, all measures affecting the economic condition and the family life of wage earners are essentially measures for the welfare of mothers and children—for example, regularization of employment, shorter hours, reasonable wage levels, accident prevention, workmen's compensation, unemployment compensation, public health service. Julia C. Lathrop well understood this essential foundation for the childhood of America, and her successor, Grace Abbott, has emphasized it throughout her years in the Children's Bureau and in her recent service as a member of the advisory council set up by the President to assist in the development of the security measures now under consideration.

About 7,400,000 children under the age of sixteen years are in families receiving relief, and other millions are in families suffering from severe economic distress. Evidence accumulated from various sources indicates a serious increase in malnutrition in certain areas at least. Infant mortality, which had been decreasing for a number of years, remained stationary in 1933, and advance figures reported by the Public Health Service for the first six months of 1934 for twenty-six states indicate an increase. Since 1929 the rural infant mortality rate has been higher than the city rate—a reversal of the former relatively more favored situation of the country child. The annual loss in infant deaths totals 120,000, and the lives of nearly 13,000 women are sacrificed each year in the bearing of children. For certain parts of the country and among certain groups of the population the rates remain relatively high—infants in rural areas, negro infants, infants under one month of life, especially those prematurely born. According to reports from various parts of the country, many mothers are going without the medical care in the prenatal period and at childbirth to which they had recourse in more prosperous times. Maternity nursing services are available to only a slight extent outside the urban centers. Children are living in over-crowded, poverty-stricken homes; ill clad and poorly fed; without money for carfare, books, or an occasional movie. Children with physical handicaps are in many areas likely to be left without that corrective care which might restore them to normal childhood.

In spite of courageous efforts of many public officials and representatives of private agencies, the resources for meeting the health and social needs of childhood have been seriously curtailed in many states and communities. Twenty-three states spend less than $10,000 per year in state funds for maternal and child health service; in 14 of these there are no special funds set aside for these services or there is less than $3,000 spent annually. Against this picture, however, is the tremendous fact that public relief services, in which skilled social service has had an important part, and which have also made available medical and nursing service in the homes as part of the relief program, have been extended throughout the country. These emergency services have reached the people of the hitherto forgotten hamlets, mining towns, tenant farms, and other folk who have been without the reach, in most states, of the facilities for public health and social welfare which are at the disposal of city families.

These conditions demand economic security, intelligent and informed parenthood, and community provision for the health and the welfare of mothers and children.

MORE AND LARGER GRANTS NEEDED

It is estimated that in at least 358,000 families receiving relief there is no male breadwinner in the family, the mother being widowed, separated, or divorced, and there are children under the age of sixteen years to be cared for. Mothers' aid appropriations, authorized by law in forty-five states, the District of Columbia, Alaska, Hawaii, and Puerto Rico, are actually granted in not over half the counties authorized to give such aid. The grants are often pitifully inadequate—sometimes as low as $8 or $9 per month—waiting lists are long, and eligibility is restricted. The problem is to extend the areas in which aid is granted, the proportion of families in need that are reached, and the amounts granted and efficiency of administration.

If deaths of infants and mothers are to be prevented and the level of health of children is to be raised, not only must there be improvement in those economic and social conditions that make for a better standard of living, but provision must be made for better maternal care, for the education of both professional and lay groups in what constitutes good maternal care, for increasing knowledge of causes of death of newborn infants, for provision of more adequate facilities for the care of newborn infants—especially of those prematurely born—for the strengthening and extension of health programs for infants and children, for further control of communicable diseases and community milk and water supplies, and for the development of other general public-health measures.

Another large group of children for whose needs, from the point of view of diagnostic services, medical treatment, and convalescent care, very inadequate and uneven provision is being made in many of the states are the crippled and those suffering from chronic disease, such as heart disease and tuberculosis. The actual number of such children needing care is not definitely known, and many of the general estimates as to need are based on surveys in urban areas, but recent state-wide surveys to discover crippled children give definite evidence that a large number of children in rural and small-town areas will be forced to go through life with severe handicaps unless public funds are made available for their care.

Services for the protection and care of dependent, delinquent, and physically and mentally handicapped children are usually available through either private or public agencies in cities of 100,000 or more population. In counties having no large cities, protective services for children are seldom available unless a definite program has been developed in the state for employing county or district social workers responsible for services to children. Only one-fourth of the states have recognized the need for local public services for children throughout the state and have undertaken to further such services through legislation establishing county welfare boards or departments. In a few other states such a program has been developed through the activities of the state department of welfare, without special legislation. All these state programs place responsibility for services for children upon the county agency. In most of the states having such a county welfare program, progress has been extremely slow in employing social workers for services to children.

COMMITTEE ON ECONOMIC SECURITY

These conditions, and the general problems of provision against the insecurity which accompanies unemployment, and frequently old age, have been the subject of study by the committee on economic security appointed by the President and including in its membership the secretary of labor, who is chairman of the committee, the secretary of the treasury, the attorney general, the secretary of agriculture, and the federal relief administrator. Among the several technical and advisory committees which assisted the principal committee in its work was an advisory committee on child welfare whose members included four physicians who are specialists in various fields, and five social workers. Recommendations on the child welfare aspects of the security program were developed in consultation with this committee and other experts, have been approved by the advisory council, the cabinet committee, and the President, and are incorporated, in substance, in the pending economic security bill.

Briefly, title II of the bill[1] provides a basis for shifting families in which there is only one adult, and that one needed for the care of children under the age of sixteen, able to earn a living compatible with health and decency, to the relative security of a mothers' aid system, or more exactly, as the bill terms it, a system of aid to dependent children in their own homes. An appropriation of $25,000,000 per year is authorized, which together with the state and local funds which should be made available promptly, would about double the present mothers' aid expenditures. The report estimated that the cost to the federal government might rise to $50,000,000 as more complete coverage is obtained, and it may considerably exceed this figure in view of the broad definition of eligibility contained in the bill.[2] The federal government is to reimburse, to the extent of one-third of the total expenditure, states submitted plans for administration approved by the federal administrative authority.

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[1] Title IV of the senate bill.

[2] The definition in the senate bill is somewhat different from that in the house bill.

Certain standards as to administration, availability of aid throughout the state, state financial administration, and residence, are required. It is contemplated that this form of aid will become a function of unified public-welfare administrations as they are developed.

COÖPERATION WITH STATES

Changes will have to be made in the laws of most of the states, in order to broaden their scope and increase the adequacy of the aid provided, before the states will be eligible to federal assistance under the plan. Provision of state funds to assist in equalizing the resources of the poorer and the richer areas, and development of state-wide standards of administration, are greatly needed and should be stimulated through the federal coöperation which the bill provides.

Another title of the bill provides for federal coöperation, through the Children's Bureau, with the state agencies of health in strengthening and extending maternal and child health services, especially in rural areas, and in developing demonstration services and research in problems of community organization for child health service, conditions leading to high infant and maternal mortality rates, and conditions leading to impairment of the health of mothers and children. An annual appropriation of $4,000,000[3] is authorized for these purposes, to be granted chiefly on a matching basis, though discretionary funds for assistance to especially needy areas and for demonstration services are provided. The title provides for allocation of the funds in part on the basis of the proportion of live births in a state to total live births, and for allotment of funds by the secretary of labor after plans have been submitted by the state agencies of health and approved by the Children's Bureau.

The plans must take into account coöperation with medical, nursing, and welfare groups and organizations.

This title of the bill also authorizes $3,000,000[4] for the development, in coöperation with state agencies, of facilities for the diagnosis, hospitalization, and after-care of crippled children. The funds are to be allotted, $20,000 to each state and the balance on the basis of need to be matched by state funds, or state and local funds. They are to be granted after plans for their administration have been submitted to and approved by the Children's Bureau.

Another provision authorizes an annual appropriation of $1,500,000 for coöperative work with the state agencies of welfare in the strengthening and extending of child welfare services to homeless, dependent and neglected children, especially in rural areas.

Title VIII of the bill[5] is also of importance to children, as it provides for coöperative work with the state through the United States Public Health Service, in strengthening local health services and for expansion of the research work of the Public Health Service.

The provisions for aid to dependent children, maternal and child health, services for crippled children, and aid to child welfare services, will mean a great step forward in the extension to children throughout the country of facilities now available only in the more favored areas. Within the framework of national, state, and local coöperation thus provided there will be ample opportunity for variation in accordance with local needs and conditions and for the more effective utilization of existing resources for child welfare.

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[3] Three million eight hundred thousand in the senate bill, which provides an additional amount for federal administration.

[4] Two million, eight hundred fifty thousand in the senate bill, with additional funds for federal administration.

[5] Title VI of the senate bill.

The Emergency Education Program For Unemployment Relief

Federal help in education brings relief to unemployed teachers as well as educational opportunities for both children and grown-ups

LEWIS R. ALDERMAN

Director, Educational Division,
Federal Emergency Relief Administration

By 1932 the depression had brought on a crisis in education. Local units of government were no longer able to pay their bills. Closed banks, unpaid taxes and mortgages, and the decreased assessment of real estate shut off local sources of income. Schools were compelled to default on bonds, lower salaries, shorten terms, stop important school services, or close down altogether. One of every three employed teachers worked for less than $728 a year—the minimum NRA "blanket" code rate for unskilled factory workers. More than 80,000 rural teachers received less than $450 a year, while the average for negro teachers in rural areas was $388. Enrollment in schools increased by a million children, but 25,000 teachers were dropped, and 200,000 teachers with certificates were unemployed. In the field of education, the anomalous relation of supply and demand was the same as in industry and agriculture—millions of people needed education while teachers were unemployed.

There are four principles behind the emergency education program which were developed by the Federal Emergency Relief Administration to meet the critical situation in education. The first is that the federal government accepted responsibility for the unemployed and said that no one should starve.

The second conviction of those who formulated this program is that work relief is the most constructive way of exchanging service to the community for public aid. There are millions of self-respecting Americans who are loathe to accept a situation of being idle on a government dole while they lose their skills and ambitions.

Mr. Harry L. Hopkins, the Federal Emergency Relief Administrator, has a working hypothesis that people on work relief should be given work where they can use their training and ability on socially useful projects. Whenever there is work relief on a large scale, work must be found for teachers in need of relief—hence the emergency education program.

Perhaps the most important reason for making education a part of the relief program is that the unemployed need encouragement and guidance to help them live through and surmount their difficulties. They need to occupy their minds with hopeful, constructive thoughts instead of defeat and futility. Leaders in local communities should do everything possible to prevent a breakdown in the morale of their fellow citizens. The federal government cannot fully accomplish this, but a relief program must help to maintain the self-respect and hope of the people. This cannot be done by lectures on the value of cheerfulness. People need to be kept busy and interested. This belief is the mainspring of the emergency education program which gives needy, unemployed teachers an opportunity to instruct adults who need education which will enable them to become self-supporting citizens. Our experience has shown that class units under good instruction have great power to revive morale. Adults are eager and able to learn and many of them show surprising abilities. Many reports show that the atmosphere of tragedy and despondency gives way, under good teaching conditions, to enthusiasm and hope.

In the fourth place, conditions seem to indicate that the transition period through which our society is going will last for some time. There are some jobs which are lost forever. Men who have become forty during the depression will have difficulty in finding a place in business again. There are millions of young people graduated from school during the last few years who cannot hope to find jobs in the immediate future. And there are millions of children living in destitute homes where there is no hope of an immediate improvement in conditions. An education program which can help people to make adjustments—learn new trades, perfect their skills, and develop talents—can be of inestimable value in such a situation.

The Federal Emergency Relief Administration has allotted to the states $2,400,000 a month for a five point education program which has given employment to 40,000 needy, unemployed teachers, reached 1,650,000 adults enrolled in emergency classes, and provided healthful surroundings in nursery schools for 60,000 children from destitute homes. State programs are planned by the state departments of education and emergency relief administrations, within the general authorization of the FERA. Administration is, therefore, decentralized, and the program reflects local initiative and various state needs. Where state departments of education were unable to supervise the emergency education program adequately because their own staffs had been cut, the FERA allotted funds for qualified supervisors.

FERA PROGRAM

The two main features of the program are that (1) it is primarily a work relief measure, and (2) it supplements state educational activities and does not attempt to carry on the regular responsibilities of the public school system. It follows from the first of these characteristics that the program is only indirectly an educational program. Persons selected for teachers must be eligible for relief, and people on relief are not always as well equipped to teach as others whose services might be obtained. This is often discouraging to school officials who usually seek the best qualified person to fill a particular job, regardless of his need. In many cases, however, short teacher training programs have enabled school officials to salvage fine teaching ability from those who seemed hopeless.

Regarding the second feature of the emergency education program, the Administration has avoided using federal funds for the regular public school system lest local initiative in supporting schools should be broken down, or employed people thrown out of jobs in order to give relief teachers their places. Last year, however, in rural elementary schools and towns up to five thousand population where local and state funds were completely exhausted the Federal Emergency Relief Administration granted $14,260,260 to keep the schools open. Other parts of the program, however, emphasize relief for the purpose of relieving individuals rather than school districts. Projects were authorized and developed in the following educational fields:

1. Literacy classes to teach adults how to read and write. The great need for these classes is apparent when 4.3 per cent of our population (or 4,283,753

people over ten years of age) are total illiterates who cannot read or write in any language; and some eight millions more are functionally illiterate, being unable to read a newspaper or write a letter without difficulty. The FERA has made a special drive to reduce illiteracy.

2. Vocational training, for unemployed adults who are in need of new training to make them employable, or of practice to keep up their acquired skills. This training is given in (a) trade and industrial education, (b) home economics, (c) agriculture, (d) commercial education, and (e) vocational adjustment and counsel.

3. Vocational rehabilitation. Relief funds may be used to give instruction in new trades to unemployed adults who are crippled by accident or disease, in order that they may become self-supporting. Experience has shown that it requires much less money to rehabilitate the individual who is handicapped by physical defects than it requires to support such an individual in a public institution, even for one year.

4. General adult education is for unemployed and other adults who are in need of further general educational opportunities. Many special phases of adult education have been developed, such as workers' education, parent education, avocational training, hobbies and handicraft classes, general academic, and cultural education. One of the special projects enabled 100,000 needy students to earn their way through college by providing part-time jobs on socially useful projects.

5. Nursery schools were organized in cities, mining districts, mill villages, and districts where there were stranded populations, subsistence homesteads and unemployed women. Fifty thousand pre-school children of unemployed and destitute parents received the benefits of a regular program of health care, proper nutrition, adequate rest, and protection from communicable disease.

RESULTS GOOD

Criticisms of the emergency education program usually arise from difficulties incident to organizing an education program on a relief basis. Educational activities generally function best when planned over a long period of time, giving teachers security as a matter of course and leaving them free to develop professionally. Some officials find it difficult to plan when funds are allotted on a month-to-month basis. Since federal funds must be spent for work relief wages, there is a lack of supplies and equipment, but the gap has been partly filled by contributions of local communities and private organizations.

Constructive results have far surpassed the expectations of those in charge of the program. The need and importance of adult education has been revealed to communities and educators. There are probably as many men and women who need elementary education as there are children in the public schools. Leaders in education have said that the eager response of adults to this program has made it impossible to be contented with a system which reaches children alone. A strong tie has been developed between the school and the community.

Work relief in education helped to maintain the self-respect of teachers given employment, and the ambitions and skills of those who enrolled in the classes. Transiency, vagrancy, and delinquency were reduced by providing wholesome interests and occupations for unemployed people. Children in the nursery schools have been given a happy, healthy environment. The education program turned an emergency into an opportunity.

Hamilton County, Ohio, To Vote On New Charter

Chairman of commission describes provisions of charter to be voted on November 1935

CHARLES P. TAFT

Chairman, Governor's Commission on County Government, Ohio

On November 5, 1935, the voters of Hamilton County, Ohio, will vote on a county charter. This charter has been prepared by a commission elected last fall under the constitutional amendment adopted by the people of the state in November 1933.

Hamilton County includes the city of Cincinnati. The population of the city is about 460,000 and of the county about 600,000. In area the city is about seventy-two square miles, and the county four hundred and seven. The ratio of property valuation of the city to the county is roughly 80 per cent. The county includes five other cities, nineteen villages and thirteen townships. In contrast with the county history of Cleveland, the county commissioners have generally represented the outlying territory.

During the last eight years the Citizens' Committee has succeeded in capturing varying numbers of the county offices and has introduced substantial economies in administration. Their candidates were defeated last year and the Republican organization is now in complete control.

The majority of the county charter commission represents, however, the same group which has so successfully administered the city affairs. The county charter which they have drafted follows closely the lines of their platform in the election last fall. By virtue of a statute passed by the current legislature, the adoption of this charter will make the county a corporation. The charter gives to the county as a corporation all powers and all duties relating to counties and county officers, boards, commissions and agencies by general law. It provides the manner of exercising certain of these powers and gives to the county commissioners power to fix the manner of exercise of those not mentioned specifically, and the duty of assigning their performance to the proper officer or board if they are not mentioned.

One of the principal questions facing the charter commission was whether it should attempt to include any powers that by any interpretation might be styled municipal. The constitution, in the case of any charter vesting municipal powers in the county, requires a favorable vote in a majority of the cities, villages, and townships in the county as well as in the territory outside of Cincinnati and in the city itself. This hurdle we did not feel able to surmount at this stage. The charter therefore provides that the county shall have all powers possible under the constitution and laws of Ohio, except that it shall not vest any powers which require approval of the charter by these special majorities. It is proposed that if the charter is adopted this fall certain amendments be offered for vote in November 1936, before the charter goes into effect, giving the commissioners, for example, power to adopt building ordinances in the unincorporated territory and also to regulate gas and electric rates in the same area.

The general form of government contemplated is a legislative body of five county commissioners elected at large on a nonpartisan ballot, a prosecuting attorney similarly elected, and an independent county executive, selected by the commissioners, and making the appointments of all department heads. The departments provided for are: finance, public works, health and hospitals, welfare, with a clerk of courts, sheriff, recorder, personnel officer and purchasing agent also appointed by the executive. An independent auditor is to be appointed by the county board. These departments and offices are fixed except that the recorder may be abolished by the county board and the duties combined with those of any other office, and the county executive may do the purchasing himself. He may also serve as the head of any department, and may appoint the same individual as the head of more than one department.

IMPROVED TAX COLLECTION

The combination of most of the duties of the two existing finance officers under one head will make permanent the present arrangement for billing and collecting taxes, and will permit the elimination of much duplication in bookkeeping. The charter requires the payment into the county treasury of various funds that have been separately deposited prior to this. The assessment is performed by the finance officer, and the board of revision consists of three members of the county board. The budget commission called for under the Ohio laws is expanded so as to include a representative of the six cities and one from the six city boards of education. The present separation of sanitary engineering and road building in Ohio counties is eliminated by the charter and all engineering functions are brought under the new county engineer.

A great step forward is provided for in the department of health and hospitals. By state law, the adoption of this charter will bring all health work under a single department, and another new state law, which permits the county to contract with any subdivision for the performance of any of its functions, will probably bring about the transfer of the city general hospital to the county, while the charter still maintains the connection with the University of Cincinnati Medical School. The coroner is abolished and a medical examiner is set up in this same department. The welfare department is permitted to take over various independent welfare functions on a voluntary basis, and, like the health department is freed of any administrative board.

The duties of the clerk, recorder, and sheriff have been rearranged so that the clerk will handle all matters having to do with the administration of justice in civil cases, and will be freed from nonjudicial duties. The sheriff is relieved of all civil duties and operates only in the field of criminal justice.

In the planning field, a county planning commission is provided for, following the general lines of the state law, to which all county projects must be submitted. It has no veto but only the right to report within thirty days before a final approval of the project. If, by state law, its functions are subsequently enlarged, the charter provides that any action of the county planning commission relating to zoning, planning, or the approval of projects may be overruled within thirty days by the vote of four out of five members of the county board.

CIVIL SERVICE REGULATIONS

The section of the charter on personnel is also authorized by the recent state law, and if the charter is adopted the provisions of the state civil service law are no longer in effect so far as county personnel is concerned. A commission is provided for which has charge of recruitment, tests, appeals and investigations. The administration of personnel is under a personnel officer appointed by the county executive. The general theory of the personnel section follows the principles laid down by the Commission of Inquiry on Public Service Personnel, and contemplates a career service not merely in the county, but correlated to all public personnel employed within the county by any political subdivision of the state, and also by the United States, if the standards and methods of the other employer are approved by the county board. The personnel officer is required to classify all these positions under other governmental employers in order to permit promotion from such other positions to the county service. The most important difference between the charter and the state law is that there is no exemption for deputies. Under this exemption, civil service in the state of Ohio and its counties has been a dead letter ever since its adoption. Temporary appointments are limited to three months in any consecutive twelve months in the same department or office, and the personnel commission must pass on the necessity for such appointments in the first place. Authority is given by the charter to set up a pension and retirement system, but there is some question whether this is authorized by law.

The election provisions provide for a central count.

The charter takes effect in general on the first Monday in January 1937, but the county treasurer and one county commissioner, elected last November, are to hold over and serve under the new government.

In general the charter opens the way for a really coördinated administration of county functions. Certain county offices previously elective are reduced to their proper status as relatively unimportant divisions of major departments. Other departments whose importance has developed since the form of county government was established are brought up to their proper relative position. Gains made in administration in the last few years without authority of law are now officially authorized.

The chances of adoption of this charter are about even. The county home rule amendment carried in this county by 2500 votes over the opposition of the Republicans, and with marked lack of enthusiasm on the part of the Democrats. Some members of the Democratic organization are still disaffected, and the Republicans will wage a strenuous battle against the adoption of the charter on account of the nonpartisan ballot and the civil service section. However, it is likely that the Democratic support on election day will be fairly general, and the charter should pass by one to three thousand votes.

This charter is the first one formally adopted by the four Ohio counties which elected charter commissions. It is likely that the charters in Toledo and Youngstown will follow the general lines of this charter. There has been rather more sentiment for municipal powers in Cleveland, and at this writing it is not possible to say what form their charter will take. Altogether it seems sure that Ohio will take at least some steps forward this year toward the goal of modern county government.

Tom Gibson vs. Public Opinion

A picture of democracy as it is practiced in ward politics

J. T. SALTER[1]

University of Wisconsin

A SHORT time ago I received a voluminous letter from the Walpole of ward politics. After giving me his "ward's-eye" picture of the present state of Philadelphia politics, he writes about a mutual acquaintance. I quote, "And then I know you'll be very pleased to hear that Tom Gibson, the colored committeeman in our ward, has been practically assured of advancement to county X. We have an opening in that office, because a week after election, the only committeeman in our ward who lost his division, committed suicide by gun. I don't think this was his real reason, for I think he would first have shot his opposition. The man couldn't stand his wife's nagging. Of course, he felt depressed, but he expected to be beat since he was in the hotbed of men opposed to the present leadership of the ward, and was beaten on registration day. To be beat only by thirty on election day wasn't bad at all compared to the losses throughout the city. The advancement of a colored man to such a job (I understand it will be the first time a colored man has held that position in Philadelphia) is a credit to the ward leader and the Republican party. First, it rewards loyalty, and secondly, it boosts the party. The cry of the McDermott Democrats opposed to Kelly [Kelly is the chairman of the Democratic City Committee] has been that Jack Kelly doesn't like to give jobs to colored men, and to the very few he has given jobs, they are of the janitor class. Gibson wants to know when he will get that article you have written about him."

I have since learned that Gibson was given the coveted position in the county service—his reward for a life-time of effort spent in the service of the organization, and defeating all comers, both in fat years and in lean up till now. The sketch that I wrote shortly after my last talk with him follows.

"Mr. Gibson, I want you to meet Professor Salter. Now the professor is real; he ain't no fraud; he ain't no tin-can; he is 'genu-wine!' "

The speaker was my friend, George Frobisher; the place was City Hall; the time, September 1933. I had walked eagerly into Philadelphia's cenotaphic home of the politicians and had been happy to find old George calmly smoking a stub of a cigar, with a great ledger on the table before him. I couldn't tell whether he was peering at the figures or just smoking. He gave me the sort of welcome that only the career men in City Hall can give. In spite of the Great Big City's being impersonal, City Hall knows better—it is personal in the grand manner, after the fashion of the country store in the village of my boyhood.

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[1] The author's book, "Boss Rule: Portraits in City Politics," contains other sketches of politicians done from the life. See review of the book on page 415 of this issue.

I had asked Mr. Frobisher if he would introduce me to Tom Gibson, a fellow-worker in this long narrow office that was alive with specialists in politics—or, more accurately, in the technique of winning elections. He said that of course he would, and jumped up and we started over to Mr. Gibson's desk. (Mr. Gibson is a colored politician about whom I had heard much—he never fails the organization—but had never talked to.)

As Mr. Frobisher had introduced me, Mr. Gibson had risen to his feet; he followed every word of the introduction solemnly. As far as he was concerned, the introduction was bona fide; it covered everything. He gravely extended his hand and suggested that we step out into the corridor to have our talk. In the wide hall there were small groups of men at irregular intervals along its entire length. Mr. Gibson took a place against a wall where we were comparatively alone, looked at me in his sombre fashion, and said, "What can I do for you, professor?"

DESCRIBING MR. GIBSON

He was thick-set and powerfully built, just under medium height and weighing about 180 pounds. His proportions suggested those of a blunt cartridge for a .38 Smith and Wesson. His was the authentic color, very dark; his face was a heavy oval and his features were regular and fleshy. He is forty-five, and has been active in politics for twenty-six years. He was wearing a fairly well-pressed suit; three conspicuous fountain-pens were showing in his vest pocket on the right side. His white shirt had a soft collar, and his tie was blue, with small white dots. Nothing in his apparel suggested the depression except his black shoes, and polish would have changed their appearance enough to complete his look of general well-being and respectability. He sings in a choir on Sundays, but his church is not located in his ward; it is in an outlying ward of the city some miles distant from Tom's domain. There are so many varieties of church people in his division that it would be politically inexpedient for Mr. Gibson to identify himself with any minority religious group there. He often has a banner division in his ward because he is "the people's friend" and an Abraham Lincoln Republican.

Unlike the majority of his people, Mr. Gibson was born in the ward in which he now lives. His father "had worked a little in politics" before him, but had never received a steady job at City Hall out of it. "We lived near Councilman Knapp—he was only a division leader then, and when I was nineteen, he said, 'Tom, your family is well known here—I want you to go among your people, and explain this election to them; see that they vote the right ticket.' I talked to my friends and then they all said that they would do that for me, and that got me started. Knapp came around to my house afterwards and thanked me in person. He paid me too, but that didn't mean so much as the way he said, 'I want you to go along with me in these elections from now on.' I stood by him from then on. Of course, we were not in the majority then, but about all the colored vote in the ward was in our division. Sometimes the organization would lose the other divisions, but we always saved the ward. Councilman Knapp never lost his division after I got started. I served the people when I started, and I serve them today. I say, 'See here! I work for you every day in the year and I ask you to work only one day for me. Yes sir!—vote my ticket—that's all I ask!' "

Mr. Gibson went on. "I was active around the polls for twelve years before I got on the committee. But when the colored vote got in the majority they had to put me on. I was Councilman Knapp's partner at first; now he is ward leader and I am the one that the people look to in the division. Many whites come to me too."

Tom Gibson is one of sixteen children. He went as far as the ninth grade in the public schools. He sold newspapers as a boy and "that helped me know human nature," as he put it. He worked around on election day for three years before he got a job. "Then they recognized me and I was appointed janitor in City Hall; for thirteen years I was there, and then I got in here" (pointing to the office that we had just stepped out of).

In answer to a question, he remarked, "Yes, it's a nice job, but the pay ain't big ($1,800 a year). You see, I have always been a great friend of Councilman Knapp, but sometimes a man gets up in the world and he makes new friends. The Lord knows that I have always stayed by Councilman Knapp. When Kendrick was Mayor he sent for me—'was I for him as delegate to the convention? Are you with me?' I told him, 'if Knapp is for you, I am for you; if he is against you, I'm against you.' Knapp remembers, because they told him about it. Then back in 1911 the Vare people gave me $250 to vote my division for Vare. They wanted me to fight Knapp—he was for Earle. I took the money and stood by Knapp. It was a bad fight that time. The XYZ ward sent over paraphernalia to show where Vare hired colored men and McNichol hired Italians and Irish. It was a bad fight but I won—I have always won. Now I would like Councilman Knapp to make me a tipstave—the first colored tipstave in City Hall. I can help others but I can't help myself." (Some of his brothers are policemen.)

There are about eight hundred voters in Mr. Gibson's division. It is a slum section of the city. Those of the voters that work are janitors, teamsters, day laborers, and dock workers. As Bryce remarked about citizens generally, voting is not one of their first interests in life. To an overwhelming majority in Tom's neighborhood, elections are merely contests between X, or the unknown, versus Tom Gibson, and, unless some other extraordinary factor arises, they inevitably vote for their friend Tom. For he, like Lippmann's Congressman, never thinks of dissipating his energy on public affairs; he prefers to do "a little service for a lot of people on a lot of little subjects, rather than to engage in trying to do a big service out there in the void."

In answer to my query about his personal service to the voter, Mr. Gibson was at his best. His face remained passive throughout our talk, but he spoke about these matters with some animation.

SERVICE FOR VOTES

"I have paid rents; I have fed people, and I do it today. Now more than ever for some of them ain't got nothing to eat. I've buried them; I've buried four during the last four years. I took a man that was to be buried in Potter's field. No man can do more than that!" I had heard examples of this sort from every powerful division leader in Philadelphia with whom I had talked. I pressed for illustrations of a more unusual sort. He looked up and opened his eyes wide, and asked, "What else is there? There hain't nothing else. I don't know anything more you can do for a person than to feed them, buy them clothes, pay their rent, and bury them when they die."

I admitted that there was no answer to that statement except that it did not include jobs or arrests.

"Well, of course, I get them jobs—I try to get them jobs. It makes less expense for me. But I can't get jobs now. The station house—I'm there every morning getting somebody out. The colored people need more help than the white. Opportunities are more open to whites."

As we talked, we were joined by a friend of Mr. Gibson's, a colored leader in a division of the Z ward. He was nearly six feet tall, and slender. His handsome oval face was expressive, his features were fine. He looked and spoke as one definitely above the average City Hall worker in intelligence. He closely followed our conversation, and every ten minutes for an hour he glanced at his wrist watch. He finally said that he had to get back to the Controller's office. There were several white politicians as well standing across the corridor; finally they shouted, "Hey, Tom, come here!" But Mr. Gibson was not to be sidetracked; he abruptly waved his hand and said, "Go away!"

He went on, and then described his greatest service to a voter. A colored fellow named Jensen was one of a group that was present at a birthday party at a private residence. There was some drinking and singing. A white officer came in to break up the party. "He beat Jensen's head with a hammer. Then after taking one hundred and some bad stitches in the colored boy's head they tried to send him to jail. I got the policeman fired and saved the boy from going to jail. It wasn't easy. The officer stole the bill of indictment. If it hadn't been for Councilman Knapp I could never have done it. But I got him fired and told the new man not to bother my people unless he was sent for."

I asked about the number of individuals that he had helped during the last seven days. "I spend my time getting people out of trouble." He paused, and then continued, "I had eight station house cases last week." Of the eight three were in jail for drunkenness, one of them a woman, one for gambling with numbers, and four for fighting. "None of my people have been arrested for stealing for more than a month."

This simple recital indicates again that in a slum ward the most powerful weapon in the arsenal of the organization is not its party name or principles or record of its candidates, but its control of magistrates' courts. The magistrate is either a ward or division leader and when a responsible party worker says, "Judge, he is one of my voters," the magistrate understands; he has a compelling reason for discharging the prisoner. Majorities mean just as much to magistrates as they mean to any other elected official. The depression has cut off many services that the organization traditionally extends; jobs are rare now, money is limited (though welfare relief is an asset to both the unemployed and the organization), but the magistrates do business as in peace times. They are a service institution not affected one iota by the NRA, RFC, the tariff, the price of wheat in Minnesota, or the indices of unemployment or car loadings. Whether in times of prosperity or depression, a night or a year behind prison bars is unpleasant. The prisoner in the dock naturally says, "I give my vote, now and forevermore, to the politician that obtains my immediate release." (A magistrate in Tom's ward once held a prisoner for court; as the officers were taking him away, the judge remarked, "There goes a vote.")

Tom naturally calls around at the station house nearly every morning; it is very much like a fisherman visiting his nets to find out what the sea has dragged in. His thought is inevitably about a human being and not Society. Only a trapped individual can cry out in pain and only an individual can vote.

The depression has developed into a powerful agency for reform in Philadelphia. For the first time in her history, more than 179,000 citizens registered Democratic in 1933. And from the organization politician's standpoint, other thousands were afraid to register under the opposition banner, unless they were watched or "assisted" they would vote Democratic in November. This is why the organization is worried—is seized with a fear that it has not felt since the revolution of 1905. The bitterness was heightened by the feeling that the opposition is not so much a person as an idea. "Democracy is in the air. The people don't know what they are doing. They are suffering from the depression and going toward the Democratic party like an ocean tide. They have forgotten the years in which the Republican party has befriended them."

The organization won the primary, though by reduced majorities, and three old style war leaders worked against the organization candidates for certain offices. In addition WillB. Hadley and S. Davis Wilson, anti-organization candidates for the important offices of city treasurer and city controller, contended for both the Republican and Democratic nominations. They won the Democratic nominations and what was more serious, from the organization viewpoint, their combined vote on both tickets exceeded the total vote of the Republican nominees. However, even though Hadley and Wilson win by great majorities in November, our friend Mr. Gibson faces the future sanguine and unafraid. Even though he admits there are more black Democrats in Philadelphia now than ever before, he knows that he will win. "My division is really a banner division —I've never lost it." His tiny kingdom, like the first twenty wards of the city, are the core of the organization's strength. They are the oldest wards and it is here that the people are most in need of help, and are most frequently in the police station.

Mr. Gibson's home is his club. He and the few other colored party workers rarely go to the regular ward club. The politicians are tolerant, or at least, "some of them are tolerant, but the boys congregate at my home."

Before a person can vote in Philadelphia he must either prove that he owns property or buy a 25-cent tax receipt. (This tax receipt qualification for voting has been abolished since.) In a number of wards the organization supplies the faithful with the tax receipt free. Tom explained, "They didn't insist that I pay them tax receipts, but you can tell who needs it. But elections today are different—too many watchers; more activity. It ain't the way it was. I do all of the work myself. I got one man to help me. I pay him $15 or maybe $10—it all depends on the circumstances. It ain't like it used to be years ago. We used to get $150 or $200. Now it may be $20 or $45.

"EDUCATING" THE VOTERS

"Fifteen years ago there wasn't the colored men that there is now. They never knowed what voting was. I had to educate them. The XYZ ward pays them for registering—pays them for voting. Then these XYZ warders go to my ward and expect to be paid. I once took my coat and vest off to pay a fine, but I don't like to pay them for votes. But you can't catch flies with vinegar. I say to them, 'If you ask me for $2 or whatever you get for your vote, all right. I will pay you. But then you are paid up and then you can't come around during the year for help." Mr. Gibson emphasized this point. He preferred to serve the voter, but if he demanded cash, he could have cash; but he could not have both.

"Suppose the man is paid for his vote and then after three months or so gets locked up and sends for you?" I asked. "Well, I get him out of the station house. Then a year later election comes around again and he is very hard up and must be paid. So I give him the cash at the next election too. But," here he opened his eyes wide and looked at me before proceeding, "then he gets locked up again and sends for me. *This time I use my judgment.* I tell them they can't have both. Shucks, they don't know what they're doing when they take it in cash—the service is worth lots more to them!"

Although this is a description of a specific group and its leader in a certain city, it portrays both more and less than Philadelphia. It is just as revealing of kindred and like-minded neighborhoods in New York, Chicago, and Milwaukee, as it is of Tom's domains in America's "City of Firsts". And because groups with other habits of mind and cultural patterns, both in Philadelphia and elsewhere, react differently to social and political stimuli, this sketch is not closely descriptive of them. To understand a leader, one must consider him in connection with the groups he leads and serves.

This manuscript was read by a colored student at the University of Wisconsin. His comment follows: "This is an apt example of the negro's attitude toward politics. Many of them can see no place for government but to give out aid to them and help them in times of trouble. Their first question when asked to vote for a candidate is 'Will he give me a job, or will he help me when I am in trouble?' In 1932 when I worked for La Follette in my district in Madison, I was kept on the defensive because I could not show them definitely how La Follette could supply them immediately with jobs. A negro politician from Milwaukee played up very effectively that La Follette did not have jobs to give."

On November 7, 1933, Philadelphia overwhelmingly repudiated the Vare leadership. All of his major candidates lost, and the opposition candidates—those of the Democratic and Town Meeting Party—won by great majorities. However, in Tom's ward and division, the Vare ticket won by approximately its normal handsome majorities. Was this because Tom's people thought differently, or did not think at all? Tom's role in the political process is not that of a leader of public opinion but the personal agent of a vested interest — the party organization. In chemical terms, he is a buffer solution —his energy is bent on maintaining the status quo; he is a narcotic in the arm of democracy. Instead of a free discussion about public questions he offers the sovereign citizen a friendly greeting, a loaf of bread, a discharge from an arrest, or a decent burial. The limit of attention is the limit of democracy. A fraction of the electorate does not see beyond its division leader; even some of the voters that do, in these unusual times, may not hesitate long to vote for Tom's ticket when the choice is between a free vote and a free person.

Mr. Gibson did not tell me any secrets. He patiently, methodically, and solemnly described the democratic process down where he lives. He realistically defined politics in terms of his own racial and cultural groups. And the outcome of an election is directly related to the size and variety of racial and cultural groups such as these within a city's borders as well as to groups within it that are on a higher economic and cultural plane. This is why a city cannot advance much faster than its substantial masses. In numberless cases the issue in these cities is joined between those who vote for an idea, or an ideal, and those who vote for a concrete favor or a friend—and Tom Gibson is a friend to many of the eight hundred in his division; he is a "missionary who does not even think of reform as an afterthought."[2]

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[2] It should be noted that in times of depression the wants of the people are greater than is the power of the local boss to satisfy them; depressions therefore tend to liquidate local bosses and create national ones. Franklin Roosevelt, Huey Long, or Father Coughlin plus a national broadcast, the press, and the motion picture may dramatize an idea during these times that will prove more compelling on election day to an increasing number of people than will the corporeal presence of the leader—the wet nurse of democracy—standing in their own bailiwick.

Ohio Cities Battle Depression and Tax Limitation

Poor relief, shrinking valuations, and tax delinquency combine to increase burden of debt

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THE CITIES of Ohio face the most critical financial period in the next few years of any time in the history of the state. Within the span of the last five years the cities have waged a losing battle against depression and severe tax limitation.

The state of Ohio, the fourth richest state in the Union, has been regarded as a backward state in taxation for a great many years. The state is predominately rural; it has been reluctant to improve its financial status so far as the cities are concerned. Ohio has turned a complete circle in drastic tax limitation. In 1910 the famous "Smith one per cent law" was adopted which nearly throttled the units of local government. After some ten years of operation the Smith law resulted in serious financial abuses. Accumulated sinking funds were robbed, bond-fund money was diverted for operating purposes, and millions of dollars in floating debts were illegally accumulated. The final result was the saddling of approximately $50,000,000 in deficiency bonds on the cities. So intolerable was the situation that in 1922 the Griswold act was passed outlawing term bonds and establishing serial bonds. The ten-mill limitation was increased to fifteen mills in 1927, and this was written into the constitution several years later, establishing another bad precedent. The situation continued bad but was tolerable despite this indefensible constitutional amendment.

In the summer of 1933 powerful real estate interests propcsed a further change in the constitution. A skillfully organized campaign, which sought tax reduction regardless of consequences, quickly put a ten-mill limitation into the state constitution, effective January 1, 1935. At the same election, while the voters reduced their taxes, they approved an expensive old-age pension law, necessitating additional tax revenue. This was the situation which the cities faced at the beginning of 1935.

How have Ohio cities withstood the last five depression years? The eight largest cities in the state, which include Cleveland, Cincinnati, Toledo, Columbus, Akron, Dayton, Youngstown, and Canton, representing 2,633,000 population, 40 per cent of the total population of the state, and 68 per cent of the total urban population, were selected for study during the period 1930-1935 for comparison and trends as to debt status, taxation, and maintenance of municipal operations. The combined tax duplicate of these cities represents 42.2 per cent of the entire state tax duplicate. All public utilities and similar enterprises were eliminated from the comparison in order to establish a comparable basis.

DEBT BURDEN INCREASES

For the years studied, 1930 through 1934, the net general debt showed a steady increase. The following table shows the combined net general debt for all the cities with corresponding index numbers, using 1930 as the index 100.

	Net General Debt	Index No.
1930	$183,774,964	100.0
1931	189,461,121	103.1
1932	191,689,424	104.3
1933	194,293,907	105.7
1934	195,952,297	106.6
Average	191,034,343	103.9

The increase was due invariably to one or a combination of the following reasons: (1) the burden of poor relief, (2) shrinking tax valuations which provided lower revenues for operation, or (3) public works programs to alleviate unemployment.

As applied to individual cities, not all the cities increased their net general debt. The city of Cincinnati reduced its net debt from $40,893,801 in 1930 to $36,301,077 in 1934, an 11 per cent reduction. The city of Canton reduced its net debt from $3,516,039 to $3,465,448 during the same period. All other cities recorded debt increases, the largest increase being that of Columbus. The net general debt of Columbus stood at $11,122,521 in 1930 as compared to $15,570,050 at the end of 1934. The net debt of Youngstown was increased from $3,946,917 in 1930 to $4,995,089 in 1934. Cleveland increased its net debt from $68,390,703 to $78,146,788. The combined debt has increased from $183,774,964 in 1930 to $195,952,297 in 1934, an increase of 6.6 per cent. The following table of index numbers of the net general debt as of December 31, 1934, with the year 1930 used as a basis for the index 100, shows the increase or decrease for the individual cities.

	Net General Debt 1930 — 100.0
Cleveland	114.3
Cincinnati	88.8
Toledo	101.2
Columbus	140.0
Akron	101.0
Dayton	111.7
Youngstown	126.6
Canton	98.6

As would be anticipated from these figures, the per capita debt increased in general. The combined per capita debt of the eight cities increased from $68.99 in 1930 to $73.56 in 1931. Using index numbers, the per capita debt is identical with the net general debt index numbers shown above. Comparisons of the individual cities showed per capita debt increased with but two exceptions, Cincinnati and Canton. The former reduced its per capita debt from $90.64 in 1930 to $80.46 in 1934, and the latter from $33.50 to $33.02. The per capita debt of Columbus showed the largest increase, increasing from $38.28 in 1930 to $53.59 in 1934. Cleveland showed the next largest increase during the period, increasing from $75.95 to $88.84 in 1933, dropping back to $86.79 in 1934. In the majority of cases the rest of the cities showed increases.

THE BURDEN OF DEBT

Ohio cities entered the depression heavily burdened by debt. This burden has continued heavy and in many instances grown heavier with each year of the depression. In 1930 the eight leading cities were paying out more than 40 per cent of their total expenditures for debt service; in 1934 this burden was still 36.9 per cent, in spite of the fact that at least three cities refunded maturing bonds in that year and diverted bond money to operating expenses. In 1934 Cincinnati, due to its vigorous policy of debt retirement, spent 47.2 per cent of its total operating expenses for debt service. Toledo, however, diverted $1,800,000 in bond revenues to operating expenses, hence spending only 30.5 per cent of its total expenditures for debt. In 1935, however, the budget allots $2,013,000 in general operating revenues to the general operating departments and $3,313,000 for debt service, a decidedly unfavorable picture.

The following data show the ratio of government cost payments for interest on general debt and redemption of general bonds to total expenditures of these cities in 1934:

City	Ratio of Debt Service to Total Expenditures
Cleveland	30.5[a]
Cincinnati	47.2
Toledo	30.5[b]
Columbus	38.5
Akron	39.2[b]
Dayton	40.8
Youngstown	40.6
Canton	43.6[b]
Eight leading cities	36.9

[a] A deficiency bond issue of $4,560,000 accounts for this low ratio.

[b] A lower than normal ratio due to diversion of debt service revenues to operating expenses in 1934.

Ohio cities have been able to cut the total expenditures for debt service during the depression. In 1930 the eight largest cities were paying out $15,426,099 for interest on general bonds; by 1934 this had fallen to $13,244,984, a reduction of 14.2 per cent. Toledo, Akron, and Youngstown were paying more interest in 1934 than in 1930, while the other five cities were paying a smaller amount than at the beginning of the depression. In 1934 total expenditures for debt service were only 79.2 per cent of the 1930 total, due to Toledo, Akron, and Canton reducing their payments on principal for that year. The following data show the downward trend of debt service for the eight Ohio cities for five recent years:

Year	Debt Service	Index No.
1930	$35,641,000	100.0
1931	39,151,000	109.8
1932	32,788,000	92.0
1933	31,929,000	89.6
1934	28,225,000	79.2

A somewhat irregular trend in the retirement of general bonds has taken place in large Ohio cities in the last five years. In 1930 these cities retired $35,641,000 in general bonds. The following year this was increased somewhat to $39,151,000. Since then there has been a substantial decline in the volume of retirement and a considerable amount of refunding has taken place. In 1934 the retirement total fell to $28,225,000. Ohio cities are plunging further and further into debt. Despite a retirement of nearly $95,000,000 in general bonds since the depression began, these eight large cities have increased their outstanding general debt by 6.6 per cent to $196,000,000. With the present severe tax limitation law in the constitution, the future is not bright for rapid retirement of the public debt in Ohio.

BOND MARKET DECLINES

Comparison of the sale of general bonds during the individual years revealed some startling facts with regard to the market for Ohio bonds. The following table shows the combined bond sales and corresponding index numbers with the year 1930 as the index 100.

	Sale General Bonds	Index No.
1930	$18,769,087	100.0
1931	21,009,414	111.9
1932	8,700,156	46.4
1933	8,207,571	43.7
1934	14,081,405	75.0

The lowest point in the depression occurred in the years 1932 and 1933 when a little more than $8,000,000 in bonds were sold each year. The high point occurred in 1931 when more than $21,000,000 were sold. The large sales of both 1930 and 1931 can be directly attributed to sales for public works to alleviate unemployment and to finance poor relief. In the latter part of 1931 and the beginning of 1932, when it became apparent that the depression was not at an end, the Ohio municipal bond market headed for the bottom which occurred in 1933. Of course, other factors such as tax delinquency, which was increasing rapidly in 1932 and which reached an unprecedented high in 1933, enter into this picture. The burden of poor relief was carried solely by the cities until late in 1932 when federal assistance began to be provided and cities were relieved of responsibility. Because of improved tax collections and other factors the market partially recovered in 1934, nearly doubling the sales of 1933. A substantial part of these sales, however, are the result of extensive refunding programs which were completed in 1934.

The lowest sale recorded during the period was in Toledo when but $8,000 in general bonds was issued in 1932. However, Toledo defaulted in 1933 and a total of $3,287,000 in refunding bonds were issued and exchanged with bondholders in 1934. Canton sold no bonds at all in 1933, but $254,000 in refunding bonds were issued in 1934. Akron issued refunders in 1933 and 1934. The largest sales were recorded in Cleveland in 1933 and 1934. In 1933 Cleveland issued $4,964,000 and the following year $4,560,000. The issue of 1934 was a deficiency bond issue which was voted by the people. The city of Cincinnati which has been exceptionally well managed experienced no difficulty in selling its bonds throughout the depression. In 1932 more than three and a half million dollars in bonds were sold and the following year more than a million and a quarter dollars in bonds were sold.

TRENDS IN TAXATION

While the tax duplicate and the revenues from general taxation declined steadily in the last five years, tax rates showed a decided increase particularly for the years 1934 and 1935. The following table shows the combined tax duplicates of the eight cities, the average tax levy each year and the combined revenue receipts in dollars as expressed by the application of the tax rate of the individual cities to their tax duplicate.

	Tax Duplicate	Tax Levy in Mills	Tax Levy in Dollars
1930	$5,747,043,360	9.41	$54,066,946
1931	5,080,597,150	8.55	43,443,630
1932	4,369,380,470	9.19	40,140,905
1933	3,826,928,700	9.37	35,853,725
1934	3,730,861,169	10.67	39,817,805
1935	3,610,408,854	10.65	38,438,249

As shown by the table the combined duplicates dropped steadily each year since 1930. The average annual tax levy in mills dropped nearly a mill in 1931 but advanced in 1932, advancing steadily until 1934 where it remained practically the same for 1935. The tax levy in dollars dropped steadily until 1933, the lowest point in the last five years. During this period tax delinquencies were at their highest point of any time during the depression. Beginning in 1934 tax collections partially recovered.

These figures are more significant if expressed in terms of index numbers with 1930 as the index 100.

	Tax Duplicate	Tax Levy In Mills	Tax Levy in Dollars
1930	100.0	100.0	100.0
1931	88.4	90.9	80.3
1932	76.0	97.7	74.2
1933	66.6	99.6	66.3
1934	64.9	113.4	73.6
1935	62.8	113.2	71.1

It is likely that the year 1935 will be very close to the minimum tax valuation. The constant trend since 1930 has been toward lower valuation. With the enactment in 1934 of the sales tax in Ohio, which became effective in 1935 as a measure to replace the five mills removed from the fifteen-mill tax limitation, funds are advanced to the cities and counties on a basis of the relationship of the combined tax duplicates with respect to the tax duplicate of the entire state. This will have a tendency to keep further reductions in the future at the barest minimum since further reductions in the individual cities would only reduce the cities' share of the sales tax revenue. The tax levies in the tables above include levies for general operating, debt service, and special levies voted by the people.

The revenues from general and classified property taxes and the total revenue receipts from all sources combined further corroborates the dangerous financial situation into which Ohio cities are heading. The combined data of the eight cities is set up in the following table:

	Revenue from General and Classified Property	Index Nos.	Total Revenue Receipts	Index Nos.
1930	$53,223,682	100.0	$91,798,525	100.0
1931	50,737,909	95.3	87,427,894	95.2
1932	42,161,615	79.2	84,718,136	92.3
1933	37,304,964	69.6	73,557,168	80.1
1934	42,116,797	79.1	72,634,069	79.1

Using index numbers for the individual cities as of 1935, with 1930 as the index 100, the tax duplicate and tax levy in mills and dollars are as follows:

	Tax Duplicate 1935	Tax Levy in Mills 1935	Tax Levy in Dollars 1935
Cleveland	59.3	148.9	89.1
Cincinnati	72.4	92.0	66.6
Toledo	61.4	84.7	52.0
Columbus	61.6	87.1	53.6
Akron	52.6	111.1	58.5
Dayton	78.8	105.4	83.0
Youngstown	64.0	99.5	63.7
Canton	47.0	82.0	37.4
Average	62.8	113.2	71.1

The voters of Cleveland approved a 4.52 mill levy in 1934 for municipal operation which, in addition to a voted deficiency bond issue, places Cleveland's tax levy in mills well over the index of 1930. The remainder of the cities did not fare so well, being affected by the drastic ten-mill limitation. Cincinnati by charter provision is not affected by the ten-mill limitation. However, some reduction was made notwithstanding this situation. The average tax duplicate index in 1935 is 62.8, a reduction of 37.2 per cent, while the tax levy in mills actually increased 13.2 per cent over the 1930 index. Tax receipts in dollars from the levies declined 38.9 per cent. In general, with but one or two exceptions as indicated, all eight cities had practically the same experience over the five year period.

EXPENDITURES INCREASED

While revenues have been largely on the decline, expenditures for operation and maintenance have been on the increase in general. The combined cost of operation and maintenance and the total cost including interest and bond redemption of the eight cities for the years 1930 to 1934 inclusive is as follows:

	Operation and Maintenance	Debt Service	Total
1930	$51,434,839	$35,641,311	$87,076,150
1931	55,672,736	39,151,326	94,824,062
1932	51,575,982	32,788,459	84,364,441
1933	52,292,262	31,929,462	84,221,724
1934	48,203,312	28,225,108	76,428,520

These figures reflect two trends: in general, increasing expenditures for operation and maintenance and a downward trend in total expenditures due to slight reductions in bond retirement and interest charges. Expenditure for operation and maintenance in 1932 and 1933 were greater than in 1930; the cost of debt service was somewhat below the 1930 level. The cost of operation and maintenance and debt service of the city of Cincinnati has been reduced materially in the last several years. The city of Cleveland maintained a fairly stable level of expenditure from 1930 through 1933 which was the lowest point reached. The cost of operation and maintenance went up in 1934. Toledo made substantial reductions in operation and maintenance and debt service in 1934 as did nearly all of the remainder of the cities, more or less. In every case the high expenditure year for debt service and operation and maintenance occurred in 1931. In general, this is accounted for through poor relief expenditures, budget trimming not becoming a vital issue until 1932. In 1934 all the cities were relieved entirely of poor relief responsibility, and this accounts for the apparent large reduction in that year.

THE TREND IN WAGES AND SALARIES

Ohio cities have made retrenchment in a number of lines in the last five years. The worker on salary has been one of the principal targets for economy. Total expenditures for these eight cities declined from $43,719,000 in 1930 to $35,443,000 in 1934, a decline of 18.3 per cent. The slowness with which Ohio cities reduced payrolls is shown by the fact that in 1931, these cities paid out more money in wages and salaries than in 1930, the increase amounting to nearly $1,500,000. The downward trend in salaries and wages paid by these cities is indicated in the following data:

Year	Total Salaries and Wages paid by Eight Cities	Index Nos.
1930	$43,719,000	100.0
1931	45,200,000	103.4
1932	37,153,000	85.0
1933	34,970,000	80.0
1934	35,443,000[a]	81.7

[a]Cleveland estimated.

These cities have shown decided differences in reducing payrolls. The average city of this group was able to reduce its payroll expenditures by 18.3 per cent, from 1930 to 1934. Akron cut its payrolls by 42.9 per cent in the four years, the most drastic reduction suffered by any city in this group. On the other hand, Cincinnati had to reduce salaries and wages in the aggregate by only 11.9 per cent. These reductions have taken place both in number of personnel and in wage reductions, some of which are temporary in nature.

All eight cities have put salary cuts into effect during the depression. Many of these have been substantial. In Akron, for example, the police and firemen were cut 10 per cent in 1931 and 25 per cent in 1932, these cuts still being effective. Few cities cut salaries in 1930, but all made cuts effective in the following year. Little restoration of these cuts have been made to date. Cincinnati has shown the best record with a substantial salary restoration in both 1934 and 1935. This city has now restored all salary cuts made to city employees in the lower brackets. In 1935, Columbus and Cleveland are also making some restoration of salary cuts for the first time since the depression began. As might be expected the cost of government was reduced where it was easiest and as a result Ohio cities have cut payrolls more deeply than any other item of expense.

POLICE AND FIRE PERSONNEL

In every city the police and fire departments are the largest and have the biggest payrolls. Due to their essential services it is not to be expected that substantial reductions in personnel would occur during the depression, nor have such reductions taken place. The seven largest cities in this group carried 3,072 firemen on payrolls in 1930 and 2,924 in 1935, a net reduction of only 148 or roughly, 5 per cent. The reduction in the police personnel was almost identical. The following data show the trend in number of policemen and firemen employed for five years:

Year	Fire Personnel (7 cities)	Police Personnel (6 cities)
1930	3,072	3,235
1931	3,044	3,212
1932	2,975	3,180
1933	2,877	3,090
1934	2,864	3,054
1935	2,924	3,074

Two cities in the group in 1935 had more firemen employed than in 1930. All other cities had less. No city in the group had as many policemen in 1935 as in 1930. The most drastic reduction in personnel took place in Toledo where a reduction of nearly 20 per cent in the number of firemen and almost 10 per cent in the number of policemen took place in the five years.

Striking differences were found in comparing cities of similar population for ratios of firemen and policemen per

100,000 population. In Dayton there were 105 firemen per 100,000, while Akron had only 69 per 100,000. These cities are of nearly the same size. Toledo and Columbus are identical in size yet Toledo has 125 firemen per 100,000 to 111 in Columbus per 100,000.

Similar differences were observed in number of policemen per 100,000 population. For example, Columbus had 107 policemen per 100,000 against 128 per 100,000 in Toledo. The larger cities with greater crime problems might naturally be expected to have more police per 100,000 population. Yet the tendency of certain cities to load service departments with excessive employees is evident in several marked cases in this group.

The following data show the ratios of police and fire personnel to population in the cities from which data could be obtained in 1935:

City	Population	Fire Pers. Per 100,000 Population	Police Pers. Per 100,000 Population
Cleveland	900,429	119	155
Cincinnati	451,160	138	137
Toledo	290,718	125	128
Columbus	290,564	111	107
Akron	255,040	69	69
Dayton	200,982	105	99
Youngstown	170,960	89	—

OUTSTANDING ECONOMIES DURING DEPRESSION

Each city has its own peculiar financial problems. Yet each follows essentially similiar tactics in meeting the problem of falling revenues. Cleveland met its reduction of 20.6 per cent in revenue receipts by reduction in salaries and wages, in purchases of supplies, and in maintenance and service items. Cincinnati reorganized certain offices, adopted more productive methods of operation, left vacancies unfilled when possible, as well as made salary cuts. Toledo met its decline of 37.3 per cent in revenue receipts by salary reductions, fire and police personnel reductions, reductions in purchases and supplies, and a few minor economies.

Dayton made substantial salary cuts for all employees, eliminated from 25 to 30 men from both fire and police departments, despite the annexation of new territory. Hospital contributions were reduced from $132,000 to $66,000 and welfare work from $493,000 to $364,000. Street lighting was cut from $130,000 to $83,000.

In certain cities there is evidence that retrenchment has resulted in genuine economies and more effective administration; in others, reductions were made where political expediency dictated. Payrolls almost invariably suffered the heaviest slashes.

THE FUTURE OF OHIO MUNICIPAL FINANCE

Several outstanding conclusions on the future of Ohio municipal finances seem evident. First, the debt future of Ohio cities is very dark. Present revenues, handicapped by severe tax limitations, give little leeway for rapid debt retirement. The total debt of Ohio cities has increased during the depression and this trend is likely to continue at a faster pace with the return of prosperity.

In the second place, the depression has revealed the fact that Ohio has one of the most antiquated tax systems in the country, a crazyquilt of patchwork legislation, so complex that even tax officials find much difficulty in administering it. The great reduction in the tax duplicate and the absurd constitutional limitation on tax levies has caused a substantial decline in the importance of the general property tax. A new scientific tax law is imperative.

The constitutional amendment, reducing property tax rates to ten mills, caused many local governments to face bankruptcy or severe curtailment of services, due to a reduction of

(Continued on Page 418)

NEWS OF THE MONTH

NOTES AND EVENTS

Edited by H. M. Olmsted

Council-Manager Charter Progress.—In Pennsylvania, several bills which will enable first-, second-, and third-class cities to adopt the manager plan are in various stages of legislative action. The Maine legislature has enacted council-manager charters for six municipalities, Rumford, Oakland, Richmond, Ashland, Calais, and Eastport, all of which must vote at a special election on the adoption of the plan before it can be made effective. Troy, Vermont (1,898), at the recent annual town meeting adopted the state council-manager enabling act which was made effective at once. Ashland, Maine (2,198) at a recent special election adopted the council-manager charter enacted by the legislature in February. A newly elected council of San Rafael, California, being unfavorable to the manager plan, on May 6, rescinded the council-manager ordinance adopted in 1915. On June 11 the voters of Beacon, N. Y., defeated the manager plan for the second time. The vote was 1,273 to 488.

*

No Constitutional Convention in Rhode Island.—The third special session of the Rhode Island General Assembly ended recently without providing for a referendum on a call for a constitutional convention, as has been urged by the governor and others. Both major political parties are reported to have agreed to the abandonment of the proposal at this time—the Republicans because a revision of the constitution would not be to their interest, and the Democrats because of opposition of the small towns and the desire for party harmony in view of next year's campaign.

Electoral Redistricting in and About Paris.— By recent action of the French parliament the number of members of the municipal council of Paris has been increased from 80 to 90; and the council general for the department of the Seine has been increased from 120 to 140. This means a net increase in the proportion from the suburban cantons, which reflects the more rapid increase of population in the suburbs than in the central city.

To provide the additional members some of the more populous districts have been divided, creating five (and in one case six) districts in some of the Paris *arrondissements*, and three districts in some of the suburban cantons. But the new arrangement still leaves large variations in the population and number of voters in the several districts. Three of the Paris districts which have not been divided have a larger number of voters than one of those divided into two districts; and the number of voters ranges from 862 to 13,655. The new districts are all in the outer circle of Paris *arrondissements* and in most of the suburban communes. The inner group is largely overrepresented.

An account of these changes, with maps, will be found in *L'Illustration* for March 30, 1935.

John A. Fairlie

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Local Elections Draw Minority of Possible Voters.— From an analysis of the 1933 and 1934 council elections in 800 cities of over 10,000 population the International City Managers' Association finds that only 41 per cent of the population over twenty-one years old are enough interested in their voting rights to participate in the choice of members of their local governing body. More interest, further, is shown in the smaller cities than in the larger ones.

Results show that only twenty million, or

60.4 per cent, of the thirty-three and one-half million people over twenty-one years of age in these cities were registered voters in 1934. Hardly more than two-thirds of this number actually cast their votes in local elections.

In the largest cities—those over 500,000—over half the people registered to vote, but 30 per cent of these did not go to the polls.

In cities from 30,000 to 500,000 population, persons actually voting were between 61 and 71 per cent of the number registered, and only about two-fifths of the number old enough to vote.

Cities of 10,000 to 30,000 had the largest number of registered voters in proportion to population—67.8 per cent—and in the last council election 67.6 per cent of these went to the polls; but even this number represented less than half of those who were old enough to vote.

In *The 1935 Municipal Year Book* these figures are compared with the vote in the presidential election of 1932, which brought out approximately 54 per cent of the total population over twenty-one in the United States.

*

Emergency Relief Administration and the Merit System.—Testifying before the aldermanic inquiry into New York City's emergency relief, President James E. Finegan of the municipal civil service commission said he thought it regrettable that those who had set up the emergency relief program did not realize that it was the finest opportunity ever offered to comply with the state constitutional provision for selecting employees according to the merit system; and that there was no reason why the administrative and supervisory forces of emergency relief, including unemployment relief, could not have been selected by examination.

*

Engineers' Conference to Consider Taxation.—Stevens Institute of Technology, Hoboken, New Jersey, has announced that its fifth annual Economics Conference for Engineers, to be held at the Stevens Engineering Camp, Johnsonburg, New Jersey, August 10 to 17, 1935, will have as its general theme, "Taxation and Cost of Government." This conference is primarily intended for graduates of engineering colleges; but it is hoped that others professionally interested in questions of taxation will wish to attend the conference or part of it.

*

Education and Occupations of Legislators.—In making a sample survey of state legislators in sixteen states the American Legislators' Association finds that 46 per cent of the members of state senates are college graduates and 11 per cent more attended college but received no degrees. Degrees from business colleges are counted as "attending college". In the lower house of state legislatures included in this sampling, 31 per cent of the members are college graduates and 11 per cent more attended. Taking both houses together it is found that 34 per cent of all state legislators are college graduates.

The states included in this sampling represented the country geographically, as well as rural, urban, industrial and agricultural areas. The states studied are Minnesota, Wisconsin, Georgia, Iowa, Maine, Nebraska, Missouri, New Hampshire, New Jersey, North Carolina, South Dakota, Vermont, California, Oregon, Michigan and New York. The combined population of these states is approximately fifty million.

The association further finds that of the 7,500 legislators in all the forty-eight states, 24 per cent are farmers and the same number are lawyers. Other professions add 5 per cent and the rest are classified as "business men, retired and miscellaneous".

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State Planning Legislation.—During the sessions of state legislatures in the first four months of 1935, laws to establish state planning boards have been enacted for nineteen states, according to the National Resources Board. In addition to these states, planning boards were previously authorized through laws or resolutions in seven states. This addition makes a total of twenty-six states, excluding the District of Columbia, which have legislation authorizing state planning. Prospects for passage of new laws seem favorable in a number of other states including California, Iowa, Massachusetts, Ohio and Oklahoma. Some of the state legislatures do not meet until later in the year.

A remarkable group of six state planning statutes has just been enacted by the Tennessee general assembly. These statutes include legislation on the subject of state and regional planning, county zoning through regional planning commissions, regional subdivision regulation, municipal planning, zoning and subdivision regulation.

"Perhaps the most outstanding of the Tennessee bills," says Walter H. Blucher, executive director of the American Society of Planning Officials, "is the state planning bill, for, in addition to the customary provisions creating a state planning board and defining its powers, this statute authorizes the board to create and define planning regions within the state and to appoint the members of these regional planning commissions. As a means of giving effect to regional planning, this statute provides that no state financial aid to roads or other public improvements shall be granted within any planning region created by the state planning board without the approval of the state planning board."

Indiana is another state which recently passed state planning legislation. It has enacted three laws, one dealing with state planning and creating a state planning board, with the customary powers, the second providing for county planning commissions, and the third providing for municipal planning commissions and for municipal subdivision regulation and mapped streets.

*

Kentucky Holds Police School.—The first annual police training school for police officials of Kentucky was conducted on April 17, 18 and 19 at the University of Kentucky under the joint auspices of the University and the Kentucky Municipal League, according to the news letter of the International Association of Chiefs of Police. There were 146 registrants. The school was attended by city police, state police, county sheriffs and deputies, county patrolmen and federal agents.

At the conclusion of the school the "Kentucky Peace Officers' Association" was organized with W. E. Bryant, Chief of Police of Paducah as president and Carl B. Wachs, executive secretary of the Kentucky Municipal League, secretary-treasurer. The new organization will hold its first general meeting with the Kentucky Municipal League.

*

Planning Programs and Housing Programs.—Close coördination of housing and land-use planning is urged in a resolution passed at the Conference on City, Regional, State and National Planning, held in Cincinnati, May 20-22, representing opinion of the National Conference on City Planning, the American Society of Planning Officials, the American Civic Association and the American City Planning Institute. According to the resolution: "Housing which is socially adequate and economically justifiable depends not alone upon satisfactory project design but upon competent neighborhood planning and the sound relation of the project to comprehensive considerations of land utilization, population distribution and the desirable structure of the community."

COUNTY AND TOWNSHIP GOVERNMENT

Edited by Paul W. Wager

Ohio—Legislative Program of Commission on County Government.— Rural conservatism combined with the influence of county officeholders blocked the passage of the greater part of the county reorganization program, presented to the Ohio legislature by the Commission on County Government. This program consisted of ten measures embodying the principal recommendations of the Commission based on a careful survey of county administration. Of the ten bills introduced, the six most important passed the senate and three were adopted by both houses, one of them being vetoed by the governor.

The two bills which finally became law were the measures of principal concern to the large urban counties. One of these acts allows the county to contract with any local subdivision within its boundaries to render for the subdivision any service which the latter can legally perform for itself, the cost to be charged back to the contracting subdivision. In effect this law authorizes the transfer to the county of any local governmental activity by voluntary agreement between the subdivision and the county. This measure, therefore, opens the way for the gradual shifting of services to the county and the eventual integration of some of the major functions, such as welfare, police, sewers, and water supply, which need unified administration in metropolitan areas.

The other act is an omnibus measure extending county powers, particularly those of counties adopting charters, to include several functions which the urban counties desire to set up on a county-wide basis. Among these are health administration, noninstitutional poor relief, and parks. While under the county home rule provisions of the Ohio constitution any of these functions could be transferred to the county by charter provision, to do so would necessitate the approval of the charter not only by a majority vote in the entire county but also by a majority in each of more than half the townships and municipalities within the county—a very difficult hurdle to leap. This act will allow the charter county to take over three important municipal functions needing unified administration in urban territory and yet avoid the necessity of securing the exceptional majorities in the adoption of the county charter.

As Ohio counties already have the power to acquire and maintain hospitals, sewers, and water systems and as the policing authority of the sheriff is, of course, county-wide, the combination of these two acts and the existing law provides a broad opportunity for the development of the county unit, which is the most practical solution of the metropolitan problem in the case of most urban areas of Ohio. These two measures will prove of far-reaching importance to the larger counties, it is believed, and can be of considerable value to rural counties as well.

The balance of the program was designed primarily to meet the needs of rural and medium-sized counties, which are less likely to undertake the preparation of their own charters. It provided both for the county desiring complete reorganization and for those which are only interested in a partial simplification of the existing arrangement. The major bill authorized three optional plans subject to adoption by vote of the people in any county. These optional plans are described on page 228 of the March issue of this REVIEW.

The secondary measures of the program permitted the merger of certain elective county offices, the consolidation of welfare activities in a single department, and the establishment of an improved system of centralized purchasing. Another bill, one of the two mandatory measures in the program, abolished the coroner and substituted a medical examiner system. The first of these proposals ran afoul of the organizations of county officials as was to be expected. The welfare department bill, which struck at the worst hodge-podge in Ohio county administration, passed the legislature only to be vetoed by Governor Davey, whose pet aversion, loudly proclaimed, is professionally trained public welfare service.

Fortunately, county reorganization in Ohio does not entirely depend upon the state legislature, the lower house of which is dominated by the conservative rural counties. Four counties, those containing the cities of Cleveland, Cincinnati, Toledo, and Youngstown, are now at work on county charters and there is considerable interest in the election of charter commissions in several other large counties. While a good optional plan law would have facilitated reorganization in small and medium-sized counties, much progress can be made by the charter method pending the adoption of such legislation.

R. C. ATKINSON
Ohio Commission on County Government

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Michigan—Amendment Providing for County Reorganization to Be Submitted. —In its closing hours the Legislature adopted a resolution authorizing the submission to the people in 1936 of a constitutional amendment which (1) authorizes the legislature to provide by general law for the incorporation of counties, and (2) authorizes the electors of any county to frame, adopt, and amend a charter for its government.

The two new sections to Article 8 are as follows:

> Section 32. The legislature shall provide by a general law for the incorporation of counties; such general law shall limit the rate of taxation for municipal purposes and restrict their powers of borrowing money and contracting debts.
>
> Section 33. Under such general laws, the electors of each county shall have power and authority to frame, adopt, and amend its charter and, through its regularly constituted authority to pass all laws and ordinances relating to its municipal concerns, subject to the constitution and general laws of this state; provided, that no such charter or amendment shall become effective in any county unless the same shall have been approved by a majority of the electors voting thereon of that city located within such county in which are cast the largest number of votes upon such proposition and also by a majority of the electors voting thereon residing outside the corporate limits of such city.

Oregon—Voluntary County Planning Boards Created.—Despite the failure of the 1935 session of the Oregon legislature to enact legislation creating county planning commissions, voluntary county planning agencies are being created in every part of the state. There are eleven commissions now organized and eleven more in process of creation. Official sponsorship for this movement comes both from the Pacific Northwest Regional Planning Commission and the State Planning Board. Even without legal status it is believed that much valuable work can be achieved by the county agencies in collecting information concerning the county's natural resources and considering how these resources can be best developed and conserved. Already good work has been achieved by some of these voluntary agencies, in coöperation with the county courts. Some of them are being used to decide upon the work to be undertaken with the SERA labor force. Others have begun the systematic study of land utilization. One commission in a county with very unusual scenic and game attractions is centering its attention just now on the improvement of these recreation resources and the preparation of better maps and other information concerning them.

It is the hope that these agencies will ultimately be given official status and ample legal power, so that the work of the state and city planning boards which depend on county supplementary action may also be more fruitful.

Charles McKinley

Reed College

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Texas—A Privately Owned County.—Kenedy County, Texas, holds a unique as well as a most important position in international affairs at the present time. It happens that this county of 1,335 square miles is owned by one man, Mr. John G. Kenedy, and Mr. Kenedy has placed a barbed wire fence around his county and is profuse with his "keep out" signs. This would be all right were it not for the fact that these signs are preventing the completion of the greatest project ever started in international road building, a direct highway to connect Mexico City with the highway system of Texas and so with the rest of the United States. For years, every authority has been appealed to to make it possible to stretch the great concrete highway through Kenedy County; but they have all failed and tourists are still detouring.

The only town, Sarita, is personally owned as is the county, and is governed by the same man. The county has never issued a bond, and has no debt. The court house was paid for in cash twenty-four years ago. There is no jail in Kenedy County. As far as Mr. Kenedy and his cattle are affected, this is Utopia; for the rest of us it is fortunate that it is not common for counties the size of the state of Rhode Island to be privately owned.

Roscoe C. Martin

University of Texas

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Florida—Consolidation of Duval County and Jacksonville Fails.—Popular inertia and political opposition caused the defeat of the proposed charter consolidating Jacksonville and Duval County, Florida, into one city-county government. At the election held on Tuesday, June 18, only about 60 per cent of the voters took the trouble to go to the polls. Thus Jacksonville lost her chance to become the largest city (territorially) in the world. The charter contained many concessions to the politicians—as the event proved, too many, for they did not win machine support while they doubtless had some depressing effect on the enthusiasm of the non-political citizen for the change. The fight for the charter was led by Mr. C. D. Towers, Jacksonville attorney. He writes courageously of the future of consolidation. We are with him in the struggle for a bigger and better Jacksonville.

Thomas H. Reed

Director, The Consultant Service of the National Municipal League

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California—Merger Measure Fails to Secure Necessary Vote.—Failing by only four votes to obtain the necessary two-thirds majority, the Cunningham constitutional amendment which would permit counties, or cities and counties, such as San Mateo, to consolidate, was refused passage by the assembly, 50 to 22.

Assemblyman Cunningham of Los Angeles, sponsor of the county consolidation proposal, served notice of reconsideration and announced he will make another attempt to pass the measure.

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Ohio—Cuyahoga County Law Enforcement Proposals.—The law enforcement committee of the Cuyahoga County (Cleveland) Charter Committee has presented a program for reorganization based on the following points, enumerated in the news letter of the International Association of Chiefs of Police:

1. Abolition of the offices of sheriff and coroner.
2. Reorganization of the office of prosecutor and division and redistribution of his functions.
3. Creation of a department of law enforcement to take on the duties of the sheriff, coroner, the prosecutor and all police functions.
4. Creation of bureaus of prosecution, police, medical examination, and jail within the law enforcement department.
5. Creation of a civil law bureau to take over the prosecutor's civil functions.

H. M. Olmsted

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County Government Results of the New York Legislature.—The optional county government bill sponsored by the "Mastick Commission" on the Revision of the Tax Laws and described briefly on page 271 of the National Municipal Review for May was signed by Governor Lehman on May 16 and became Chapter 948 of the New York Laws of 1935. It will now be possible for any county outside New York City to secure the county manager plan or a county president plan corresponding to the mayor-and-council plan for cities either by petition and popular vote or by a popular vote initiated by the county board of supervisors.

The Corbett bill allowing similar changes by action of the board of supervisors with or without an advisory referendum was vetoed.

A bill was approved authorizing Monroe County, which contains the city of Rochester, to appoint a charter commission to make a study of county government and recommend changes. Such a commission had already been appointed by the county supervisors under the Fearon county home rule act of last year, but upon organizing it developed doubts as to the constitutionality of the Fearon act and requested specific authorization to proceed with its work. The commission has let it be known that it favors the general principle of an appointive county executive.

The Democrats introduced, and put through both houses of the legislature, with Senator Esquirol and Assemblyman McNamara of Brooklyn as sponsors, a whole program of county and local government reorganization bills for Nassau County on Long Island. The dominant Republican organization in Nassau, with its allies throughout the state, fought desperately to stop them. Several of the bills were ultimately vetoed by Governor Lehman, who in this and other matters displayed admirable fearlessness in disregarding partisan considerations when he thought they ran counter to sound public policy.

Some of the Nassau bills, however, were signed. Most important of these is the McNamara bill which presents to the voters at the general election next fall a new county charter. This charter does away with the present government by town supervisors who constitute the county board of supervisors ex-officio. It gives the legislative power of the county and the towns to a new county "board of representatives" elected from seven single-member districts and the chief executive power of the county to an elective county president, who appoints various boards and heads of departments. A vice-president, who presides over the board, and a comptroller, who becomes the chief financial officer of the county, are to be separately elected. The charter is obviously superior to the present antiquated form of government in many ways, but is definitely defective in some important details.

It is perhaps unfortunate that the Nassau charter comes to a vote the same day as the county home rule amendment passed early in the session, which if approved by the voters will free all the counties of the state from their present constitutional straightjacket.

George H. Hallett, Jr.
Citizens Union of the City of New York

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Tennessee—County Government.—Torn by more than usual factionalism, the Sixty-ninth General Assembly probably set a record for inactivity. Almost as soon as the Governor's biennial message had been delivered, the legislature split into at least three blocs, identified with projected sales tax and liquor law repeal measures, and the jockeying of these and ancillary groups persisted throughout the session. The results were largely negative, and the failure to pass revenue bills has affected both state and county budgeting, and will make a special session inevitable before the end of the current fiscal year. The one bright spot amid general obscurity was passage of an enabling act for a referendum on calling a constitutional convention, for the purpose of reconstructing our ancient organic law, unamended since its adoption in 1870. When and if such convention meets, one of the major issues will be county reorganization.

Except for a plethora of "town-pump" special acts passed, little can be reported on measures designed to remedy the Dismal Swamps of our county governments. Unlike the 1933 session, which produced the illusion that legislators were interested in county reforms, no special committee on county affairs was appointed. A county consolidation bill prepared before the opening session was lost in the scramble and not introduced. Failure to pass the 3 per cent sales tax bill made it difficult for counties to give the mandatory relief in property tax levies, and a general education measure that planned important changes in county education was not introduced for the reason that no stable tax base had been provided to sustain the requisite additional outlays.

Of no little significance to future economic and social planning in this area, and providing for a greater measure of coöperation of the state and the Tennessee Valley Authority and other national planning agencies, was passage of eleven acts drafted by Alfred Bettman, under direction of the state planning board. The sponsors of these measures envisaged a close tie-in and use of state, regional, county, and municipal planning commissions with the TVA. When such state and local commissions have once been established, surveys have been made, and plans adopted, the use of land, the platting of subdivisions, construction of highways and other public works are to be integrated in accordance with modern planning and zoning practices. The county zoning measure seemed too "socialistic" for the rugged individualists in the senate, and was amended to such extent that its sponsors considered it useless.

Other statutes in this group include the following: (1) to empower counties, incorporated cities, and towns to construct, purchase, or otherwise acquire and operate electric generating or distributing systems; (2) to furnish electricity to users inside or outside incorporated limits; (3) to finance such electric plants by bond issues, and to accept grants, loans, or other financial aid from any federal agency either for acquisition or improvement of such public electric plants; (4) to validate terms already entered upon and to authorize any contract or arrangement with the TVA or any similar governmental agency for acquisition of any such system or part thereof, the purchase of electric power and energy, the terms and conditions of resale rates, financial and accounting methods, services, the operation and maintenance practices, and the manner of disposing of the revenues of any such systems; (5) to enable privately owned "utilities" to dispose of their plants to certain federal and state corporations and other public bodies and utility cooperatives without the approval or consent of the state of Tennessee or its railroad and public utilities commission.

Frank W. Prescott

University of Chattanooga

TAXATION AND GOVERNMENT

Edited by Wade S. Smith

Minnesota Tax Rates Rise Slightly.—City and village taxes in Minnesota have increased to a median of between 24 and 25 mills, as against 21.30 mills last year, according to an annual study just published in *Minnesota Municipalities.*

The increase is attributed in general to the decline in assessed valuations, which for cities and villages stood last year at $992,150,688, as compared with $862,934,425 this year, a decrease of 13.1 per cent. The municipal tax rates have risen approximately in the same ratios as the county and total tax rates.

An interesting fact shown by the study is that those units with rates under 30 mills have suffered the bulk of the increases. Whereas approximately 75 per cent of the cities and villages had rates under 30 mills in 1934, only 65 per cent have such rates this year.

The proportion of cities and villages having rates under 20 mills decreased at about the same ratio.

*

West Virginia Tax Limit Losses Unreplaced.—A notable series of charts being published currently in the bulletins of the West Virginia League of Municipalities shows graphically the effects of blanket tax limitation in that state, with cities suffering 50 to 60 per cent tax revenue losses not offset or supplemented from other sources.

A typical chart—the League is publishing one for each county—shows the school levy in 1933 to have been 23 per cent less, under the limitation amendment, than for the previous five-year average. The county itself sustained an 11 per cent loss, and the municipalities 64 per cent. Schools alone enjoyed increased grants-in-aid, according to the tabulation.

*

Special Levies in Illinois.—According to a recent study by A. D. McLarty, secretary of the Illinois Municipal Association, ninety-three municipalities in the state levied special tax rates in 1934 for a municipal band.

Thirty-nine municipalities levied a special fire protection tax, with rates ranging from .09 to .20. Furthermore, some 169 municipalities levied a special tax for garbage collection and disposal. This rate varied from .01 to .10.

*

Budgeting Aids in St. Louis.—The new city budget for St. Louis, Mo., though approximately $1,310,370 greater than last year, represents an advance over the procedure of former years, according to the St. Louis Bureau of Municipal Research. The budget is nearly $3,500,000 less than the peak reached in 1930-31.

Appropriations for city operation and maintenance are .5 per cent less than for last year. Total for city-controlled units was increased .3 per cent, while the total for state-controlled units was reduced 2 per cent, this latter reduction being due entirely to the absence of election expenses this year.

Commenting on the budgeting procedure, the Bureau in its bulletin says: "This is the second year of the operation of the budget division, established as the result of several years of effort by the Bureau of Municipal Research. During the past year the director has had an opportunity to observe the operations of the departments, to ascertain more fully their needs, and after extensive consultations with department heads and with the coöperation of the mayor's office, to set up a carefully prepared schedule of recommendations for the consideration of the board of estimate and apportionment."

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Tax Revision Council Formed.—Eight federal officials, eight state officials, and eight city and county officials compose the Tax Revision Council, formation of which was recently announced by the Council of State Governments. Initial meetings of the council were to be held in Washington early in June.

The establishment of the council was authorized last March by the Second Interstate Assembly, when it adopted resolutions concerning tax conflicts. In addition to attempting to iron out the instances of duplicate or conflicting taxation, the council will consider improved administrative methods. It will attempt also to determine which taxes may be used most effectively by each level of government.

*

Atlantic City Scrip Still in Use.—Some $1,090,308 of municipal scrip issued by Atlantic City, N. J., since 1933 is still in circulation, according to the American Municipal Association. About $5,500,000 worth has been issued in all.

Originally having a market value of 75 cents, the paper, which bears interest at 4 per cent, is now worth $1.07. Employees of the city receive 50 per cent of their pay in scrip for the last two weeks of each month.

*

Newark Follows Up Tax Collections.—"It paid to pay taxes" is the current slogan of Director of Revenue Reginald C. Parnell's continuing systematic contact with taxpayers of the city of Newark.

Monthly letters to taxpayers are one element in the system, and a recent mailing cited good tax payments and payments on account of delinquent taxes as being responsible for the twenty-nine point reduction in the tax rate this year, bringing the rate to its lowest level in sixteen years.

Correction.—An error implied in a note in this department in May has just been called to our attention by Louis S. Murphy, Senior Forest Economist of the Department of Agriculture. The note, which referred to a decision of the United States Supreme Court rendered on April 1, implies that the law involved is one having to do with general property taxes. A search of the decision by Mr. Murphy indicates that the reference is only to improvement district taxes, or special assessments.

PROPORTIONAL REPRESENTATION

Edited by George H. Hallett, Jr.

Wheeling's First P. R. Election.[1]—

> The citizens of Wheeling have just won a signal victory. In the short space of one month the municipal setup has been changed from ward politics to a substantial form of government and a 100 per cent new personnel has replaced the old council body.
>
> Such a sweeping change has come like a bolt from a clear sky and sent the politicians back on their heels. The result of the charter change and election is unmistakably a ringing protest of the manner in which civic affairs have been conducted in Wheeling for several years past.
>
> The new council is one of the most representative in the history of the city. It would be impossible to conceive this group of gentlemen, or any portion of them, banding into a majority for purposes that resulted in the ousting of the old council.
>
> A real responsibility devolves on the new council and the citizens who elected this body will follow its progress with interest and confidence. On it rest hopes for a brighter future for Wheeling.

This was the editorial verdict of the *Wheeling News* (June 12, 1935) at the conclusion of the proportional representation count for the election of the council under Wheeling's new "Cincinnati plan" charter. There appears to be general agreement that a representative group of trustworthy public-spirited citizens has been elected to choose the first city manager and determine the policies of the city for the next four years.

A Dependable Council

Three of the nine councilmen elected on June 4 were on the slate of nine proposed by the Wheeling Association, the nonpartisan group of young people who took the initiative in the preparation and adoption of the new charter. Two others are members of the Association and were not endorsed officially only because it was thought better policy in a slate of nine not to include more than one candidate from any one of the twelve old wards. So the council has a majority known to favor the merit system and the other principles of efficient disinterested public service. The other members are also expected to serve in the same spirit.

Referring to the variety of occupations on the new council a local humorist said: "Habig, the ex-sheriff, might run into Schultze, the banker. If he injured him, Dr. Ambrecht and Dr. Gaydosh would be called in to attend him. McElroy, the druggist, would fill the prescription. Rosenbloom, the lawyer, would enter suit for damages. If he died, Mathison, the undertaker, would have the funeral, with flowers furnished by Duffy, the florist. Goodwin, the other lawyer, would read the will."

In addition to the Wheeling Association slate, which was sponsored openly, several other slates were quietly circulated. No one of these elected more than three but each group believes it elected its best men.

A Clean Sweep

One of the most remarkable features of the outcome was the failure of any member of the old ward council to win election. Eleven of the twelve members were candidates and several ran well, but no one of them showed a wide enough popularity to win in a city-wide election in which any ninth of the voters could elect the sort of representative it really wanted.

One of the old councilmen introduced a motion to investigate the legality of the count in view of the fact that the members of the counting staff were not sworn in as public officials. It failed for lack of a second. Other members expressed the opinion that the people had spoken unmistakably for a change, that a recount would give the same result, and that it would be poor sportsmanship to try to upset the verdict on a technicality which was not required by the charter anyway.

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[1] This account is based on information and material received from Walter J. Millard, field secretary of the National Municipal League, who covered the election as an observer for the League.

A Record Number of Candidates

In one respect the Wheeling election was totally without precedent in the annals of P. R. elections—that is, in the number of candidates. The largest number previously recorded in this country was 43, in certain district elections in Cleveland. Even when the Irish Free State elected 19 senators from the country at large in 1925, the total number was only 76. But in this election the number of council aspirants on the ballot was 122[2]!

The votes were so widely scattered among these candidates that no one of them even approached the quota on first choices.[3] In a plurality election under these conditions it would have been inevitable that a large majority of the votes would have been wasted and probable that some minority clique would have captured the council. That P. R., without a primary, made it possible for 86 per cent of those who cast valid ballots to help elect candidates for whom they voted[4] and in other respects produced the highly satisfactory results typical of P. R. elections elsewhere, is one of the most striking proofs of its effectiveness ever given.

The following comparison with the results of the last ward plan election, held after a primary two years ago, is significant:

	Ward Plan 1933	P. R. 1935
Total valid vote	24,018	21,396
Number who helped elect councilmen	13,852	18,354
Number who failed to help elect	10,166	3,042[*]
Percentage who helped elect councilmen	59%	86%
Percentage who failed to help elect	41%	**14%**

[*] As pointed out in footnote 4, many of these saw some of their choices elected by others.

The total number who cast invalid ballots in this first election under P. R. was only 403, or 1.8 per cent of the total vote of 21,814. Of these 363, or 1.2 per cent, had their ballots thrown out through failure to follow the directions for proportional voting.

A Poorly Prepared Count

Under the P. R. rules adopted in Wheeling—entirely correct in principle but unnecessarily elaborate in some details—there was no escape with so many candidates from a count more laborious than the average P. R. count of the same number of ballots. A separate handling and record was required for the transfer of each defeated candidate's ballots as the candidates were reduced one by one from 121 to 9. If the present standard P. R. rules instead of the older Cincinnati rules had been adopted, all candidates who failed to poll as many votes as they had to file signatures for nomination (300) would have been eliminated together after the count of first choices and 87 transfers would have been saved without in any way affecting the final result. This improvement and others of less consequence can easily be made by local charter amendment before the next election if West Virginia adopts the home rule constitutional amendment which will be on the ballot this fall.

But even with 113 separate counts required there was no need for the process to take more than two days without counting through the night. In Hamilton, a city of about the same size, it has always taken less than one full day and the procedure there followed could take care of more than 122 candidates in two days. Actually it took six hours more than a solid week of continuous work to complete the counting in Wheeling.

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[2] One candidate died the day before election day, reducing the number of actual contestants to 121. Under the P. R. rules votes cast for the deceased candidate were not invalid but were counted for the next choices marked.

Mr. Millard writes that "the reasons for the absurdly large number of candidates were several. It required only three hundred signatures to be nominated and a voter could sign two petitions. But the main reason was economic. The councilman's salary is to be $100 a month and, it being a steel town, the citizens have been hit hard. An editorial in a paper published outside the city pointed out that running for office appears to be a favorite West Virginia pastime. At the primaries enormous numbers of candidates appear, particularly for minor offices."

[3] Ambrose Habig, a former councilman and sheriff, who led in the first count and was the first to reach the quota of 2,140 (on the 93rd transfer) started with 1,226 first choices. One of the nine elected councilmen started with 428.

[4] Mr. Millard reports that undoubtedly over 90 per cent saw one or more of their expressed choices elected—it always happens that some of the ballots are not technically effective in electing candidates merely because some of their choices have already been elected by others. Five of the nine successful candidates each received the full quota of 2,140 ballots which showed him as the first available choice among the candidates with a chance of election. The others received 2,056, 1,938, 1,910 and 1,750 respectively.

So complete was the lack of proper preparation, however, that completion of the count with unquestionable accuracy even in this time was something of a tribute to the ability and resourcefulness of the director of the count, Frank Camiletti, a local income tax expert. The outgoing council and mayor, charged with the duty of providing for the count, turned down all suggestions that someone with previous experience be put in charge of it, made no provision for the director to visit the not distant P. R. cities of Cincinnati and Hamilton to learn their technique though this also was urged, made inadequate provision for the various properties needed, and appointed only 40 counters for the city-wide central count with the stipulation that the count must proceed day and night until completed so that even this inadequate force had to be divided into shifts. A complete description of the procedure used in Hamilton was sent the director of the count by the National Municipal League, but the restrictions under which he was forced to work made any such efficient setup impossible and nothing approaching it was attempted.

Walter J. Millard, the National Municipal League's representative, who was given every facility for witnessing the count and who bears testimony to the integrity and ultimate accuracy of the director, sends such interesting notes as the following on this remarkable proceeding: "The count theoretically took 172 hours but the force, which at the beginning was about forty, dwindled at times to ten, and for hours at a time, for reasons which were obscure, no ballots moved. Some clerks worked for thirty hours when the count began and it was the third day before anything like a shift system came into being.

"The first-choice record sheet was ruled up long after data were ready to post on it. To get a package of pencils required much argument with the city hall.

"To record the first choices for each candidate cast in each precinct necessitated filling out 11,000 cards.[5] A great many recorded a zero. To as many more only one of these ribbon-ballots forty-three inches long and three inches wide was attached. After all the entries had been made on the record sheet, it was found that one candidate had the majestic total of eleven votes. By ten on the night of Thursday, 51 hours after the first box was opened, it was known that 21,814 ballots were in the 88 boxes.

"The director's auditing experience was a great asset to secure final accuracy, he worked indefatigably, and as the count progressed introduced methods used in counts elsewhere. But he started with no experience of a large P. R. count, also he was not used to directing employees, placing responsibility, and making an analysis of the elements of a task as a production manager does in a factory. The result was a great amount of checking and rechecking. A large number of small initial errors arose, which the checks had later to remove. On the sixth day of the count two candidates had quotas and four had to be defeated. Two of these were within three votes of each other, so the ballots of those with quotas and all the continuing candidates were re-examined to be sure they were properly credited. It took eighteen people twenty-four hours to do this. About fifteen ballots changed places but the positions of the candidates remained unchanged.

"There were 112 separate transfers. The last transfer was completed at midnight of Tuesday, June 11."

The Public Not Deceived

It is impossible to avoid the conjecture that the outgoing mayor and council, none too friendly to the new charter, deliberately contrived a situation in which the provisions of the charter would be observed to the letter but in such a laborious manner as to convey the general impression that P. R. is an intricate and cumbersome nuisance. If such was the purpose it is doubtful whether it has succeeded. On June 12 the *Wheeling Intelligencer* published an article making clear the inexcusable lack of preparation and contrasting Wheeling's experience with the much more expeditious counts in Hamilton and Cincinnati. The same day its leading editorial commented on the situation in part as follows:

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[5] Under the present standard P. R. rules this information would be determined and made public by the election authorities at their leisure after the official count is over. It is a matter of political interest not needed for the actual result. But in all the American P. R. cities except Toledo it must be determined before the first count is officially completed.

> It is unfortunate that Wheeling's first election under proportional representation has been marred by the work of the official counting board. Whether through design or incapacity the organization, direction and progress of the count have been such as to leave the worst possible taste in the public mouth. . . .
>
> The permanent results of this are not likely to be serious. Assuming that the elaborate checking has caught or will have caught all the errors, the will of the people will have been accurately recorded when at long last it is determined that the work has been definitely concluded. . . .
>
> From the calibre of the prospective council this newspaper is confident that four years under the new charter will have convinced the people of Wheeling that they made no mistake in voting for a change.

The other two papers, the *Register* and the *News,* also made editorial comment which stressed the equity of the method, the elimination of the cost of a primary, and the fact that there was no real harm done except in the unfortunate impression since the new council would not meet until July 1.

Mr. Millard recounts an incident tending to confirm the editors' judgment. "The local radio station had a 'mike' on the floor of the count at the Market auditorium and kept the city informed of the count's progress. Advantage was taken of these broadcasts to explain the principles of the count. At two one morning the mike was hoisted to the gallery and many of the spectators were interviewed as to their impression of the system. All but one said it was much fairer than the old system and one declared that the ten highest at that time were all a credit to the city. This was roundly applauded."

*

Cyrus Fitton Appointed to Proportional Representation League Council.—To fill the vacancy on the advisory council of the Proportional Representation League caused by the recent death of Professor Rayner W. Kelsey, of Haverford College, the trustees of the league have appointed Cyrus J. Fitton of Hamilton, Ohio. Mr. Fitton is an attorney of high repute and has played a leading part in all the activities of the charter commission group which gave Hamilton its proportional representation-city manager charter in 1926 and under P. R. has elected the council majorities which, with the aid of the competent city manager they have kept in office, have given the city a phenomenal record of good government ever since. In addition, he qualifies easily as one of the country's authorities on the philosophy and practical operation of proportional representation.

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William Dudley Foulke.—William Dudley Foulke, who died at his home in Richmond, Indiana, on May 30 and whose death was given editorial notice on page 310 of the NATIONAL MUNICIPAL REVIEW for June, leaves a memory that will be especially cherished by workers for proportional representation. In addition to his manifold other civic activities he was the first president of the Proportional Representation League and served in that capacity for two extended periods from 1893 to 1920. At the time of his death he was still a member of the League's Advisory Council. His charming personality will not be forgotten by any who knew him.

GOVERNMENTAL RESEARCH ASSOCIATION NOTES

Edited by Robert M. Paige

Taxpayers League of St. Louis County (Duluth, Minn.).—The annual report of the League has just been issued. During the past year the League stopped the unnecessary issuance of $150,000 in bonds by a legal action. The city attempted to issue these bonds by an emergency ordinance (that is, without a popular referendum) for the purpose of financing the city's share of the cost of street and sewer improvements. The League showed that the city had at the time an unencumbered cash balance in excess of $100,000 in the permanent improvement fund and the court issued an injunction which is still in effect.

The League took part in a law suit to determine the tax limit of the Duluth Board of Education and its contention that twenty mills was the maximum rate for the school general fund was upheld by the state supreme court. With the reduction in assessed valuations this decision reduced the school fund levy by $337,000. A formal survey of the school system is being made by the League's staff. The problem of small schools within the built-up portions of the city is the major difficulty which must be solved to achieve maximum economy of operation constructively. A 26-page progress report was submitted by the League to the Duluth Board of Education. The League proposed and secured the approval of the state legislature for an amendment to the law governing the Duluth Teachers Retirement Fund Association. This amendment provides for full publicity for the reports of the fund and limits maximum pensions from public funds to $900 per year after 1940. This will make the pension system somewhat less expensive to the city.

During the year the county finally adopted the recommendation, repeatedly made by the League, that county road work be done by the county highway engineer as is legally required instead of by the county commissioners. St. Louis County is one of the largest in the United States and a large part of it is sparsely inhabited. The residents of the northern section of the county are reported to be well satisfied with the road work as planned by the county engineer. The periodical *Range Facts* reports that "a gratifying improvement in highway activities of the county department is evident under the centralized road plan which was so bitterly fought by many range residents. Information furnished indicates that business methods and a due regard for the needs of rural settlers are now being followed. . . . The old system of just giving jobs without any real plan seems to be passing. It marks a brighter and better day for these northern communities."

Other activities of the League during the year included issuance of the enlarged periodical *Taxpayers Business;* preparation of organization chart of the county; scrutiny of all legislation affecting Duluth; initiation of study of the office supply purchasing procedure of county; analysis of tax delinquency trends; beginning of an inventory of tax exempt property; maintenance of city, school and county debt payment schedules; attendance at all meetings of city council, school board, county board, and poor commission, and analysis of county's ability to finance relief.

The League's report concludes with a look into the future:

"Existing state and federal spending policies make it inevitable that taxes in the gross will increase in the next decade rather than decrease. These policies also encourage local governments in spending inclinations. The most serious part is that it is mainly spending borrowed money. The ease or difficulty with which it will be possible to pay back the borrowings is impossible to predict. Also, present trends indicate enlarged and expanded programs of governmental participation in social and economic activities. In other words, the difficulties of government and taxes are going to increase in importance rather than decrease.

"The problem of all business and government is one of turning out the best job possible with the minimum of expense. As the activities of government loom larger upon the scheme of things, a democratic form of government requires that every citizen should spend the maximum time possible in doing his part to insure that his government does the best job possible, whatever the activities may be. It means that as a business proposition, those localities which are best governed will be best suited for the location of business and industry and will make those businesses and industries located therein best able to meet competition from other communities. It means that local governments must have the best organization that alert minds can evolve; that the overlapping layers and uneconomic areas of government be eliminated; that governmental responsibility must be fixed and controllable; that the best trained individuals must be recruited for the public service; that "spoils" politics and patronage must be reduced as far as it is humanly possible. It is a large order, but common sense tells us it is sound. The problem is how can this lofty aspiration be brought down into the arena of practical application.

"It is believed that the Taxpayers' League, as a voluntary citizens' organization is the research organization to develop the facts in regard to these problems and continue to be a factor in making Duluth and St. Louis County a better place in which to live. With all due modesty the question is thrown out, where would the city of Duluth and St. Louis County be today if it had not been for the activities of the League during the past fourteen years? We have no boss-controlled-machine political organization. Improvements have been made in governmental administration from year to year. There have been no major scandals or graft or corruption, and the League has provided the constant scrutiny and check-up by disinterested observers that is necessary for the best functioning of all human endeavor. Last but not least, public officials and citizens look to the League for help and information on many public affairs."

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Public Administration Service.—The Consulting and Research Division of Public Administration Service, Donald C. Stone, director, has completed its eight-month program of work assisting the Temporary Emergency Relief Administration of the state of New York in reorganizing and improving procedures for the handling of direct relief, work relief, distribution of surplus commodities, and other aspects of this program throughout the 119 relief districts in the state. A major part of this work has been the preparation of a comprehensive manual of procedure for the guidance of the relief districts.

A comprehensive survey and plan of reorganization has been prepared for the city of New Rochelle, covering its welfare and relief activities. Many of the recommendations were carried into effect immediately.

Another major assignment just completed was a survey and installation in the Boston Welfare Department. This work included the planning of major changes in organization and business methods of the department and the installation of tabulating machinery to handle many accounting, disbursing, and statistical operations.

Walter Harris, senior accountant of the staff of PAS has recently assisted the Cincinnati Bureau of Governmental Research in its installation of an improved accounting system in the City General Hospital.

Members of the staff of Public Administration Service have been assisting the Federal Works Progress Administration in the development of organization and procedures for the administration of the $4,000,000,000 works program.

Last year PAS was called upon to assist the Tennessee Valley Authority in setting up budgetary and accounting systems. This year PAS has again furnished technical assistance to the Tennessee Valley Authority in the development of its financial administration.

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Philadelphia Bureau of Municipal Research.— The work of the Philadelphia Bureau during the past year may be briefly summarized as follows:

Transit Reorganization—At the city's invitation a Bureau staff member is acting as special consultant to the city to clarify the issues in the pending transit reorganization.

Water Problems—Against the inevitable day when questions of water supply, water-rate structure, and waterworks finance will press for solution, the Bureau has continued its analysis of these problems.

Cafeteria Court—After a survey the Bureau introduced to Philadelphia the idea of the "cafeteria court," or traffic violations bureau, which will ultimately solve the problem of politics in traffic cases.

Constitutional Revision—The Bureau studied and reported on methods of changing the constitution of Pennsylvania and the other forty-seven states, thereby throwing light on the technique of revision by convention.

Sinking Fund Audit—The Sinking Fund Commission appointed the Bureau's chief accountant as one of two actuaries to audit the $133,000,000 of assets in the funds maintained to pay off Philadelphia's bonded debt of over half a billion dollars. As a guaranty of impartiality in this very controversial work, the Bureau rendered this service without compensation from the city. Two reports were submitted, one dealing with the Delaware River Bridge bonds, the other with the appropriations required for the funds in 1935. The Sinking Fund Commissioners adopted the recommendations of these reports.

Disposition of Bridge Money—The Bureau publicly questioned the city council's proposal to use for current purposes over $8,000,000 paid to the city by the Delaware River Joint Commission. Since the city had originally issued bonds to raise the money, the Bureau contended that the money belonged in the bridge-bond sinking funds. Later, when a bondholder took the question to the supreme court, the Bureau gave technical assistance to attorneys, and the supreme court sustained the Bureau's contention that the money belonged in the sinking funds, a most significant victory for sound financing. Efforts to escape the effects of the supreme court decision have resulted in further litigation in which the Bureau has been guiding attorneys through a tangled maze.

Unfinished Subways—How to realize the benefits in service and income from putting into operation the city's unfinished subways, with no power to issue bonds for that purpose, has been a perplexing problem. The Bureau has devised a practical answer: sell some future subway rentals.

Borrowing Power—In the last year the Bureau has pointed out errors in two official statements indicating the existence of a general borrowing power, and has succeeded in convincing the city solicitor that there was no such power and thereby preventing the issuance of illegal bonds. But the Bureau was first to demonstrate that this does not prevent borrowing for capital outlays for the waterworks, because the water revenues will support more debt than is now charged up against the works. Since federal aid can probably be obtained if the city can borrow new money, the Bureau's constructive suggestion opens the way for obtaining needed waterworks improvements at low cost to the city.

Subway Lease—The Bureau helped protect the city's $140,000,000 transit investment by aiding the city to draw the best possible subway lease, fair to both city and PRT, and dovetailing properly into (1) the city's agreement with the Delaware River Joint Commission for use of the bridge-line connecting spur and (2) the commission's lease of the bridge line to PRT.

Delinquent Taxes—The Bureau has made a statistical analysis of tax delinquency in Philadelphia to be used as a basis for solving the problem.

County Government—The Bureau's work on merging city and county governments, particularly the drafting of the constitutional amendment that has passed the Legislature, has brought consolidation appreciably nearer. The Bureau has also helped draw bills to put county payrolls in city council's control, and these have passed the House.

*

Taxpayers Research Bureau of Utica (N. Y.).— This organization was established early in 1935. The Bureau has already investigated the following problems: the advisability of the city securing a convention hall and public auditorium; the penalties on delinquent taxes in Utica as compared with such penalties in other cities; the comparative cost of collecting garbage by the city and by private contractors. The Bureau has also made a study of procedures in the county purchasing agent's office and has carefully examined and checked the budget of the city of Utica.

A study is now being made of the county sheriff's office with particular reference to the fee system and the desirability of paying the sheriff a straight salary. The county budget is to be examined and checked in the same way in which the city budget was analyzed and a study of the police pension system will soon be initiated.

John W. Nowland is the director of the Bureau. Offices are maintained in the Chamber of Commerce Building.

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Baltimore Commission on Governmental Efficiency and Economy, Inc.—The proposal to amend the Baltimore charter to limit the annual tax rate for all city purposes other than debt service to 1 per cent was defeated at a popular referendum held May 7. The final count was 50,279 in favor of the amendment and 86,301 opposed. The proposal was placed on the ballot by a petition originated by a city-wide committee sponsored by the local real estate board. The Commission did not issue a recommendation on the proposal, but prepared a factual statement which was used by both proponents and opponents of the amendment during the public discussion of the measure. This statement (in the April 20 issue of *Your Tax Dollar*) revealed that the 1 per cent limit would have forced a 17 per cent reduction in those budget items which are subject to the control of the board of estimate from the 1935 level of expenditures if the city was to live within its income for the year and not draw upon the surplus carried forward from 1934.

The Commission's periodical *Your Tax Dollar* has been revived during the past six months and seven issues have been published since January 1, 1935. The Commission's staff has devoted attention to state as well as to municipal affairs and has prepared analyses of the problem of financing relief expenditures, the proposal to reduce automobile license charges, Maryland's revenue problem, the proposal that the state government borrow ten million dollars (more than half of which according to bills in the legislature would be used to meet current operating requirements), and similar matters of concern to taxpayers of Baltimore and the state of Maryland.

Your Tax Dollar for April 27 analyzes Baltimore's favorable financial standing and the factors responsible for this situation. These factors are, briefly: unemployment relief has been largely financed by the state and federal governments, city borrowing has been restricted and the net debt reduced almost three and one-half millions of dollars, new revenues have been received from beer and liquor licenses, the city's share of the gasoline tax and automobile registration fees has been increased 10 per cent, expenditures have been held to budget estimates, and economies have been effected. During the past few years the city has materially improved its standard of administration by the further application of such instruments of fiscal control as the centralized system of general accounting, cost analysis and disbursements, and central payroll and central receipts systems.

The city has energetically pushed tax collections, making use of installment and tax saving plans; and in this it has been aided by a relatively severe interest and penalty schedule and, of course, by the operations of the HOLC. Two hundred thousand dollars in interest was saved in 1934 by the prompter collection of taxes; in the past it has been necessary for the city to borrow from the banks to meet operating expenses during the first months of the fiscal year.

*

Cincinnati Bureau of Governmental Research.—The Bureau has recently issued a brochure describing the purpose and past work of the Bureau. The pamphlet states that recommendations of the Bureau have saved the taxpayers of Hamilton County more than $500,000 annually.

After naming the governmental agencies for which the Bureau has done work, the brochure points out that the Bureau has been supported in the past in a large part by contributions of a few citizens of the community, supplemented in recent years by special grants from the Spelman Fund of New York.

The policy of the trustees of the Spelman Fund is to give support to a worthy agency and when its need and value to a community is shown, to let that community carry on the support, the pamphlet states.

Commenting on the work of the Bureau, Mayor Russell Wilson wrote: "It is an inspiration to have in municipal government an organization such as the Bureau of Governmental Research to give nonpartisan advice based on facts. I do not believe that we should have been able to have accomplished the progress of the past decade in governmental affairs of the city of Cincinnati without the help of the Bureau. The mere presence of such a Bureau is an inspiration to good government."

One of the most detailed and lengthy surveys undertaken by the Bureau was the survey of the Cincinnati public schools, now nearing completion. Chase M. Davies, President of the Board of Education, wrote to Calvin Skinner, Bureau Director, as follows:

"The Bureau has performed invaluable services for the Board of Education in making studies that have resulted in a more economical and efficient operation of our schools. It gives a public official in Hamilton County a feeling of assurance to know that when he is faced with a difficult governmental problem that he can refer that problem to the Bureau of Governmental Research, which, because of its broad knowledge of the problems of all other governmental subdivisions in Hamilton County, will give him the correct solution of his problem, and that solution will involve full coöperation and coordination with the other subdivisions which have similar problems. The Bureau is one of the finest civic assets of our community."

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Taxpayers Research League of Delaware.—The director of the League, Russell

Ramsey, reports that, "One would have to delve back many years in Delaware's legislative history to find a session of the general assembly whose performance was so permanently beneficial to the taxpayers of the state as that of the 105th general assembly, which adjourned on April 4." A year ago the taxpayers of Delaware were faced with the prospect of additional taxes of from one to two million dollars a year to meet the deficit into which the general fund—out of which all state government costs are paid except schools and highways—was running. However, the governor and the general assembly adopted a plan for the rehabilitation of the general fund, without any increase in taxation for this purpose, and without impairment of the maintenance and operation of the school and highway systems.

The main features of this plan are as follows: The general fund will borrow one million dollars from the highway and school funds which have a surplus not immediately needed. The 4 per cent highway bonds outstanding will be called and, thanks to Delaware's credit rating, refunded at a saving of about $1,887,000 during the life of the bonds. The new bonds will be serials and the balance in the sinking fund will be transferred to the general fund. The state tax department has been made the collecting agency for the inheritance and estate taxes (formerly collected by the county registers of wills) and for various occupational license taxes (formerly collected by county clerks of peace). The state highway department has been given the responsibility of collecting the gasoline tax and the highway fund will be required to bear the expense of administering the motor vehicle department.

The appointment of a state commission to investigate the possibility of using prison labor to supply many of the commodities now purchased by the state and local governments is also looked upon as a significant step which may result in the saving of money as well as in a better program for the rehabilitation of prisoners.

In the field of local government perhaps the outstanding achievement of the legislative session was the act authorizing the state highway department to take over all county roads and bridges—now maintained by the several counties. Hand in hand with this was an act eliminating all county road taxes, and limiting the total county tax rates to 50 cents on each $100 of real property in New Castle and Sussex Counties, and 40 cents in Kent County. The abolition of the three county highway departments and the centralization of all highway construction and maintenance in one agency—the state highway department—is perhaps paralleled only by the abolition more than a decade ago of the county school system, and the institution of a centralized state system of education. The elimination of county taxes for road purposes will save property owners about $800,000 yearly. The increase of the gasoline tax by one cent to supply the highway department with the funds necessary to maintain the roads taken over from the counties, will involve a much smaller tax on the users of the highways.

Provision also was made for reducing the number of members of the New Castle County Levy Court from seven to three. This should provide for more efficient administration of county government and consequently reduce the cost of operating and maintaining the functions belonging to the Levy Court.

The legislature also abolished the ten district tax collectors in New Castle County Hundreds and applied the more efficient and effective practice of concentrating the collection work in the office of the receiver of taxes and county treasurer. This improved practice is already in effect in the other two counties.

Other important and constructive measures were enacted by the legislature this year. The foregoing are mentioned here because in each of these instances the Taxpayers Research League previously made a technical study of the subject involved. The League feels well compensated for its work because it believes that its studies and its advice may have helped in the solution of the problems which faced the state at the beginning of the legislative session.

RECENT BOOKS REVIEWED

EDITED BY GENEVA SEYBOLD

Boss Rule. By J. T. Salter. New York, Whittlesey House, 1935. 270 pp. $2.50.

In this book the author, who is associate professor of political science at the University of Wisconsin and a frequent contributor to the National Municipal Review, has done something different and done it well. Instead of presenting us with the usual academic analysis of the political machine, why it exists, and how it controls, Dr. Salter supplies action portraits of ward heelers, precinct committeemen, district leaders in order to demonstrate the very human way in which votes are made. He has, to use his own words, "concentrated on trying to see the basic life forces in the governing process rather than the conventional forms." It is an important book and (much better news for the reader!) it is an interesting book. It's as much fun to read as a novel.

The National Municipal Review was much attracted by Dr. Salter's new approach and readers of our pages will recall "A Philadelphia Magistrate Tells His Story," "Design for a Ward Politician," and "An Election Episode," as well as enjoy "Tom Gibson vs. Public Opinion" which appears in this issue. We know you like the samples—the whole cake is even better!

H. P. J.

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A Hundred New Towns for Britain. A Scheme for National Reconstruction, proposed by J47485. London, Simpkin, Marshall, Ltd., 1934. 72 pages. 3 shillings 6 pence net. (A few copies are available through the *American City Magazine*, New York. $1.00.)

"Solve the slum problem; give creative employment; save the countryside; make an A-1 population." These challenging words appear on the front cover of this outline of a project which, as its distinguished endorsers point out, is "of such magnitude that it touches the national life at all points."

The pamphlet is of special interest in the United States at this time because of the growing belief that our governmental aid to rural rehabilitation and subsistence homesteads ought to be expended to include several new communities of the English "garden city" type.

The author of "100 New Towns for Britain," an ex-service man who seeks anonymity under his war-time number, J47485, advocates a ten-year program for the building of two million new dwellings in Great Britain. Of these about half would be erected in existing communities and the other half in the hundred new towns, each of about fifty thousand inhabitants. Of the five million people who would thus be accommodated in the new communities, it is estimated that about seventy-five thousand would be factory operatives.

The pamphlet discusses the social and economic advantages to be expected from the program as outlined; also the costs of the scheme, financial technique, and method of administration. There is an "illustrative section", with a map showing the possible allocation of the new towns to the various counties, and suggested specimen plans for different types of communities—a seaside town, a riverside town, a valley town, and a town on a special site. Standards for housing in the new communities and for rehousing in existing cities are proposed, and arguments against tall blocks of tenements are presented.

To push J47485's plans, the Hundred New

Towns Association has been formed. "The members of the new fraternity believe that this great object can be achieved without establishing a dictatorship either of the Right or of the Left; without sacrificing the hard-won victories by virtue of which we enjoy freedom of speech and are protected from political and religious persecution; without weakening the Trades Union movement which has proved itself to be a bulwark of democratic government and an indispensable agency for safeguarding the interests of the wage-earners; without foregoing the advantages which may be derived from the private management of industries and the free employment of organizing and inventive talent; without imperilling the constitution whereby sovereignty is vested in the Crown, Lords and Commons; and lastly, without surrendering the national power which is the established possession of the British people."

Harold S. Buttenheim
Editor, *American City*

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The Effect of an Unconstitutional Statute. By Oliver P. Field. **Minneapolis,** University of Minnesota Press, 1935. 355 pp. $5.00.

Dr. Field in this book has brought together a vast number of cases from various fields of the law relating to the effect of unconstitutional statutes. The subject is a timely one which Dr. Field has handled ably. His thesis is that an unconstitutional statute is not, as is commonly believed, *void ab initio* but that it is given some legal effect in a great many cases and that this fact should be frankly recognized by the courts. The grounds upon which the courts give effect to an unconstitutional statute now vary from case to case depending on the parties to the suit, their previous relations, the nature of the action, the nature of the unconstitutional act, and so forth.

The cases dealing with private corporations formed under an unconstitutional statute have generally held, in contract cases particularly, either that the corporation existed *de facto* and the contract could be enforced or that the party asserting the non-existence of the corporation was estopped from attacking the existence of the corporation by some act of his own. That these doctrines have been applied only where justice to the parties required and that they seem to give some effect to the invalid statute is true but since these doctrines are equally applicable to other situations, not involving the unconstitutionality of a statute, in which the organization of a corporation is legally invalid, it is difficult to follow Dr. Field's argument that the court will give effect to an unconstitutional statute where justice is best served by giving such effect. The same situation is true where the courts refuse to allow the existence of a municipal corporation to be attacked in a collateral action to which the municipal corporation is not a party. The *de facto* and estopped doctrines also play an important part in sustaining a municipal corporation formed under an invalid statute.

As to the effect of unconstitutionality of statutes on government bonds and private promises, the former ordinarily cannot be enforced while the latter, if proper consideration is shown or if a benefit has inured to one of the parties, can be enforced. The rule in these cases is almost identical with the general rule of quasi-contract.

Dr. Field also discusses the official status of public officers whose office has been created by an invalid statute or whose method of selection for office is unconstitutional. In the former case attack on the official status is generally allowed while in the latter case it is usually denied.

In his consideration of the doctrines of *res adjudicata* and *stare decisis* is probably the most impressive example of effect being given to an unconstitutional statute. A judgment rendered in a civil case will not ordinarily be reconsidered even though the statute on which the judgment was based is subsequently declared invalid. In a criminal case, however, a person imprisoned for violation of a statute subsequently declared invalid can usually obtain his liberty upon a writ of *habeas corpus*.

Dr. Field has dealt at some length with the problems involved in the field of the law dealing with a mistake of law and those problems arising from legislation designed to cure the previous constitutional objection to a statute. The book closes with a very able and valuable discussion of "Judicial Review as an Instrument of Government." There is not space here to comment on the controversial question as to what the role of judicial review in the American federal system of government should be but since the NRA decision it has become once more the most poignant question in our political life.

EUGENE M. REED

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Building Lines and Reservations for Future Streets. By R. V. N. Black. Harvard City Planning Studies, Volume VIII. Cambridge, Harvard University Press, 1935. 243 pp. $3.50.

In this book Mr. Black has compiled a vast amount of useful material on two of the most difficult problems in the whole field of city planning administration. The study is in the main a consideration of the relative spheres of the police power and the power of eminent domain in the control of the city plan.

Mr. Black discusses these two sovereign powers merely as means of limiting the use of land in anticipation of a future taking for street purposes; he does not consider building lines in the light of what they may contribute to the amenities of a neighborhood. This is an unfortunate, though deliberate, omission.

The author treats his subject in a manner to convey the impression that the protection of mapped streets and the establishment of building lines are but different phases of the same problem. Although this may to an extent be true, we should not forget that reservations for future streets are concerned principally with the means of ultimately securing streets in areas at present unsubdivided while building lines are established in the vast majority of cases to promote the amenities of abutting property and only in a minority of cases to maintain open strips on either or both sides with a view to reducing the awards for buildings in case of future street widening. In other words, one affects new streets in rural areas; the other, existing streets in platted areas.

Mr. Black apparently feels that a building line established under the power of eminent domain is an effective stop-gap where a front yard cannot be laid down under zoning during the interim before the actual taking for widening purposes. This may well be questioned for we know something of the situations created through a vacation or modification of eminent domain building lines by city officials. Building lines can be used only up to a certain point in a street widening program with advantage; beyond this point it is cheaper to acquire the fee to the needed property than it is, first, to establish an easement in the way of a building line, and then, when the street is needed, to purchase or condemn the title.

Had Mr. Black digested his material more fully and arranged his discussion topically instead of geographically, the book would have gained considerably in both emphasis and value. Yet this effort is to be welcomed not only as a sincere, but as an interesting and profitable contribution to the administrative technique of city planning.

HERBERT S. SWAN

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Present Status of State Income Taxes. By Mabel L. Walker. New York, Tax Policy League, 1935. 18 pp. mimeo. Twenty-five cents.

Thirty-one states are now levying some form of personal income tax and the same number are levying taxes on the net income of corporations. Altogether thirty-four levy some form of net income tax. Dr. Walker presents data on all state income taxes up to May 31, 1935, in the form of a chart which gives the date of each law and the rates and exemptions relative to the tax on both personal and corporate income.

Another helpful table indicates the yield of state income taxes. The manner in which each state distributes its income taxes is described and the text is given of income tax amendments passed by twenty states.

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Recording of Local Health Work. By W. F. Walker, Dr. P. H., and Carolina R. Randolph, in coöperation with the Committee on Administrative Practice of the American Public Health Association. New York, The Commonwealth Fund, 1935. 275 pp. $2.00.

Well formulated and accurately kept records are a necessity in the administration of a good health department. If the record forms are standardized, statistics may then be compiled for large areas or the country as a whole and the health officer may possess the great advantage of being able to compare local experience with experience elsewhere.

A number of organizations in the public health field have coöperated in the preparation of the record forms presented in this book. The forms are full size and the make-up of the book exceptionally attractive. To stimulate the adoption of a comprehensive and orderly plan for recording local health work on the part of local agencies, the book is being sold at less than its cost of publication.

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Controlling Depressions. By Paul H. Douglas. New York, W. W. Norton and Company. 286 pp. $3.00.

Whether the reader agrees or disagrees with the conclusions reached by Dr. Douglas, who is professor of economics at Chicago University and whose last book, "The Theory of Wages," won the Hart, Schaffner and Marx prize of $5,000, he should certainly welcome this book as a piece of clear thinking on a subject that has been pretty badly muddled up to date. To this reviewer, it is unquestionably the best thing that has been done on the subject. Suffice here to indicate that the author sees many causes of depression and divides them into two groups: *initiating* causes and *cumulative* causes. He compares a depression to a forest fire which gains greater and greater momentum as it spreads.

One of the interesting distinctions made by the author comes in his discussion of governmental control of credit. Government should be the manufacturer of credit, he believes, but the retail distribution of credit should remain in private hands.

OHIO CITIES BATTLE DEPRESSION AND TAX LIMITATION

(Continued From Page 397)

$43,000,000 in tax revenue. To add to their difficulties the tax duplicate of the large cities had been cut 37.2 per cent since 1930. Heavy delinquency added to the seriousness of the situation. As a result a sales tax became a necessity and many small home owners, who had voted themselves a tax reduction, now found themselves paying more taxes than before the constitutional amendment.

The effects of the constitutional amendment are not fully realized as yet. It is evident at this time that the new 3 per cent sales tax plus minor changes in the intangible tax law will not repair the damage to local revenues. Certain cities have been able to meet the situation better than others.

Cincinnati has a charter not affected by the amendment, hence faces the future without fear. Additional sales tax revenue enabled it to cut its mill rate for 1935 by 1.85 mills. This city has the best financial condition of the eight cities studied and has pursued a vigorous policy of debt retirement during the depression, as already noted.

Cleveland was forced to pass a 4.4 mill levy for 1935 which partially restored the reduction made by the ten-mill amendment. Other cities have not fared so well.

Toledo, for example, at the beginning of 1935 had $2,012,000 in revenues in sight for its general operating departments. In 1934 these departments spent $3,476,000. This would have necessitated a reduction of 42 per cent in all departments. At present Toledo is not living within its anticipated revenues and has spent 65 per cent of its anticipated revenues for 1935 in the first five months.

The results of the ten-mill limitation in the constitution are not yet clear. They are not likely to be happy, unless more intelligent tax legislation is passed in the immediate future than has been passed in many years and unless Ohio cities adopt a standard of efficiency and honest administration similar to that of the best managed city in Ohio, which is Cincinnati.

NATIONAL MUNICIPAL REVIEW

AUGUST · 1935

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LUTHER GULICK

The Citizen's Duty Toward Relief
OSWALD W. KNAUTH

Paying for Social Security
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THE LEAGUE'S BUSINESS

The League's Annual Convention.—The local committee for the annual meeting of the National Municipal League at Providence, November 25 and 26, has now been announced. We are very glad to list the members, as follows: Hon. Theodore Francis Greene, Governor of Rhode Island; Hon. James E. Dunne, Mayor of Providence; Walter F. Fitzpatrick, City Treasurer of Providence; Robert M. Goodrich, Executive Director, Providence Governmental Research Bureau; Royal B. Farnum, Educational Director, Rhode Island School of Design; Mrs. Royal C. Taft, President, Rhode Island League of Women Voters; F. Ellis Jackson, President, Rhode Island Chapter, American Institute of Architects; Hon. Daniel E. Geary, President, Providence Board of Aldermen; Harry M. Carey, Executive Secretary, Providence Community Fund; Hugh F. MacColl, President, Providence Chamber of Commerce; Arthur L. Philbrick, Vice President and Chairman, Taxation Committee, Providence Chamber of Commerce; Charles B. Mackinney, President, Providence Civic Improvement and Park Association; Henry D. Sharpe, President, Providence Governmental Research Bureau; Dr. Alexander Stoddard, Superintendent of Schools, Providence; Hon. Joseph Farrell, President, Providence Common Council; Rev. Charles C. Curran, Director of Catholic Charities, Providence; Hon. J. Joseph Fitzpatrick, Chairman, Providence Committee on Finance; Professor James P. Adams, Vice President Brown University; Dr. Lorenzo C. McCarthy, President, Providence College; Hon. Zenas Bliss, Chairman, Rhode Island State Commission on Ways and Means; William S. Innis, President, Providence Community Fund, Inc.; and Mrs. Frank Fenner Mason, President, Rhode Island State Federation of Women's Clubs.

* * *

Mr. Seasongood's Activities.—Hon. Murray Seasongood, former Mayor of Cincinnati and past president of the League, is President of the Board of Directors of the Hamilton County (Ohio) Good Government League. Mr. Seasongood continues his good work in the field of municipal government and has made frequent addresses on the subject before interested audiences. He recently spoke at the annual banquet of the Fusion Party of New York City.

* * *

Committee on Personnel.—The following committee has been appointed to serve as a joint committee of the National Municipal League and the National Civil Service Reform League in drafting a model state personnel law: Charles P. Taft, 2nd, Cincinnati, Ohio, Chairman; John B. Andrews, Secretary, American Association for Labor Legislation, New York City; G. Lyle Belsley, Director, Civil Service Assembly of United States and Canada, Chicago; Professor Edgar Dawson, Hunter College, New York City; Mrs. Walter S. Greenough, Representative of National League of Women Voters, Indianapolis, Ind.; Professor Morris B. Lambie, Harvard University, Cambridge, Mass.; Professor Arthur W. Macmahon, Columbia University, New York City; Charles P. Messick, Civil Service Commission, Trenton, N. J.; Samuel H. Ordway, Jr., East Hampton, L. I.; Dr. Ellen C. Potter, Department of Institutions and Education, Trenton, N. J.; Dr. C. E. Ridley, International City Managers' Association, Chicago; and Professor Wallace Sayre, New York University, New York.

* * *

Publication Fund Established.—Over a period of from three to five years League publications finance themselves, yet we are continually handicapped in current operations for lack of working capital. It has been suggested, therefore, that a *Publication Revolving Fund* be established to meet this situation. A contribution to this fund, in other words, represents capital investment instead of a contribution which will have to be renewed year after year. Contributions of any amount are welcome. The officers of the League feel this represents a real opportunity to make the influence of a contribution today go down the years.

Contributions or pledges to the fund have already been received from the following members: Louis Bamberger, Newark, N. J.; Charles A. Beard, New Milford, Conn.; Miss Mary E. Converse, Rosemont, Pa.; Thomas C. Desmond, Newburgh, N. Y.; E. J. Donnelly, Two Rivers, Wis.; Austin F. Macdonald, Los Angeles, Calif.; John J. Rothermel, Washington, D. C.; Henry L. Shattuck, Boston, Mass.; Miss Belle Sherwin, Washington, D. C.; and West Publishing Company, St. Paul, Minnesota.

* * *

Radio Broadcasts.—Speakers and topics for "Taxation for Prosperity", Series XI in the YOU AND YOUR GOVERNMENT radio programs, for the next five weeks are as follows:

August 13.—"Single Tax vs. Triple Tax." Walter Fairchild, Attorney and Secretary of the

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Editorial
Comment
❖
August

NATIONAL
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The Call for Civic Leadership

It is easy to theorize about "the point of greatest weakness" in our governmental system. Thus we discuss local, state, or national areas. Or we draw comparisons as to legislative, executive, and judicial functions. But the spot—not "hot" but icy cold—to which all other discussions lead, is the old problem of civic leadership.

"We are looking for a Moses in our town," says letter after letter, week after week. Two metropolitan cities, whose progressive records are universally accepted and approved, just now show the tragic loss due to resignation or death of real leaders. While the need is always acute in official positions of every sort, it comes to a climax among those citizen groups dependent solely on the sacrificial services of men whose motive is unselfish and whose rewards more often are unfair criticism than deserved recognition.

Average American citizens evidently are too prone to commit the sin of which all politicians are assumed to be guilty—"passing the buck". Evasion of responsibility by the man in public office in most cases may be traced directly back to the evasions of those who pay the taxes but fail to vote. Leadership would be more spontaneously and frequently furnished if there were more promise of more men and women to follow the leader. Nobody wants to lead in a vacuum—that sort of thing just makes a "goat" out of the leader!

We cannot forget the comparison which holds that in England "the flower of youth goes into the public service, in America it is absorbed by business pursuits, for financial profit." Account for this or explain it as one may, it goes to the root of our problem: We are a comparatively young nation whose people still judge life and its values largely in terms economic.

But how foolishly inconsistent is such an attitude, and how lacking in thoughtful analysis. All government costs money to operate. In these days there is much protest against the costs of government. If those who pay the costs would just follow their money with their personal interest and intelligent action, those costs might be greatly reduced; we might get more services for our tax dollar.

And this means that from the financial standpoint alone we, the people, in our own selfish interest, ought to produce more citizen action and far more effective leadership, official and unofficial. The alternative is to go on assuming the inevitability of political waste and graft, and the necessity of buying expensively whatever we can, without bothering ourselves as to our own personal responsibilities in government.

Fortunately the examples of the better way, amounting to demonstrations, are all about us. Good, economical government is on the up-grade; the other kinds, like human slavery and duelling, are going out of fashion. Our difficulty is the excessive burdens borne by the few leaders, and the consequent task of enlisting more men and women in positions of leadership.

A recent writer says with truth: "The great trouble with American cities is that administration is at least twenty years ahead of political organization." It is in this hard field of personnel, called "political" because it requires more or less controversy as a preliminary to decisions on policy, that civic leadership is most needed and hardest to get. We like to believe, with the writer quoted above, that "the time may come in this country when we shall give to civil service the respect which in our foolish past was reserved only for the making of quick money."

W. P. L.

The Next Step

An eminent British authority on public administration, commenting privately on the difference between American and British experience, recently paid high tribute to the research spirit in America.

"I am always very much worried at the lack of clear thinking in public affairs here and the failure of our government or our leading people to demand or to study the best available information. Not only do we hardly bother our heads about the study of psychology in this country, but we have almost no research into practical economics or politics. Nobody is willing to pay for it and nobody seems to want it.

"In spite of all this, we do seem to muddle through rather well; we have got a good national civil service and a passable local one. Of course, we have the advantage that our habit of not doing things logically and our luck in not being a federal state saved us from the disasters of your written constitution. Still, it is curious that you, who do so much more realistic thinking in public affairs, should on the whole do the job worse."

The observation is particularly interesting when it is considered that we are spending millions upon research but very little to make that research effective or to translate the results of research to the public. After all, in a democracy the gap between what the expert knows and what the public knows must not become too great. If it does, either democracy disappears or the expert disappears. Or both!

Research in political science, after all, is a bit different from research in the physical sciences, not only as to method but as to utilization of results. In the one instance, a few highly trained specialists apply the new principle discovered; in the other, millions of citizens may participate in the process of application. It seems not unlikely that popular education as to the results of research in government may hold the key to wider application so that we who know more about our jobs may do as well as the British who know less but do better!

Social Security Program Assured

With the enactment by the United States Senate last month of the Social Security Bill, the first major attack on the twin problem of lessening the impact of future depressions and providing a limited amount of security for all our citizens became an assured reality. The bill has gone to conference, having been previously passed by the House, for details to be ironed out.

In brief, the bill is simply an inducement to states to act. It appropriates $4,000,000 for the fiscal year just begun and $49,000,000 for each succeeding year, to be allocated among the states in the form of subsidies for the administration of such unemployment insurance laws as they may enact. It also establishes a system of federal subsidies to the states for old age pensions—$49,750,000 for the fiscal year 1936 and such amounts as may be necessary in succeeding years. Making certain that the states play ball to finance the first program, there is a federal excise tax imposed upon the total payroll of each employer engaging four or more workers. This tax is 1 per cent for 1936, 2 per cent for 1937 and 3 per cent for each succeeding year. The old age pension program will be financed partly by employers' and partly by employees' contributions.

The program's cost is explained in greater detail by Dr. Joseph P. Harris, Assistant Director of the Committee on Social Security, in an article in this issue. Needless to say, its possibilities and implications are tremendous. From the purely procedural standpoint, it follows the precedent of the great federal aid for highway program and others modelled after it.

H. P. J.

POLITICS LAGS BEHIND ADMINISTRATION

I put in several fascinating hours recently with a group of men whose business it is to study city government. Listening to them was like listening to explorers returned from Mars. I had thought I knew something about cities—my own in particular—but I now know that I don't.

The real work of city government goes on beneath the surface, performed by experts who get—and want—no publicity. The limelight is confined to unimportant figureheads.

The great trouble with American cities is that administration is at least twenty years ahead of political organization. A water system, for example, may function with great technical efficiency, yet be burdened with a method of electing officials and distributing patronage which is pure feudalism.

The time may be coming in this country when we shall give to civil service the respect which in our foolish past was reserved only for the making of quick money. This may be only wishful thinking on my part, but little things, here and there, make me think that it may be so.

HOWARD VINCENT O'BRIEN

Editorial Staff,

The Chicago Daily News

From an editorial appearing
in *Public Management*,
July 1935

Who's Who in This Issue of the Review

John Bauer, Director of the American Public Utilities Bureau, is economic consultant to many utility commissions, a former assistant professor of economics at Princeton University, and author of numerous studies on economics and public utilities.

Luther Gulick, Director of the Institute of Public Administration, and Eaton Professor of Municipal Science and Administration at Columbia University, is counsel to the research staffs of the legislative commissions of several states. He is an author and lecturer of distinction.

Oswald W. Knauth, as Chairman of New York's City's Emergency Relief Bureau, has had ample opportunity to learn of relief problems. He is President of the Board of Directors of the National Bureau of Economic Research, and a former assistant professor of economics at Princeton University.

Henry Reining, Jr., is an instructor in politics at Princeton University. He was formerly on the staff of the University of Southern California.

Roland R. Renne has recently finished a three-year survey of county efficiency in Montana, which is to form the basis of a proposed program of county reconstruction in the state. He is an agricultural economist at Montana State College.

Joseph P. Harris was until recently Assistant Director of the Committee on Social Security at Washington. He has just been appointed Director of Research of the Committee on Public Administration of the Social Science Research Council.

An Open Letter

Mr. C. A. Crosser, Secretary
Bureau of Municipal Research,
Des Moines, Ia.

Dear Mr. Crosser:

I was interested in your letter relative to tax limits appearing on page 240 of the April, 1935, National Municipal Review. Of course I do not know what the situation is in Iowa, but it seems to me that your comments are not entirely applicable in Wisconsin.

The League of Wisconsin Municipalities has for many years recognized the advisability of shifting some of the cost of local government from real estate to other forms of taxation.

In our fight before the legislature for additional state-collected, locally-shared revenues we have not received in the past any coöperation from the real estate groups which are now fighting for tax limitation.

Neither have we received any help from these groups when we have attempted in the past to head off the repeated efforts of the state legislature to impose additional burdens on local government without giving them the money to pay for these increased duties. I think that now our legislature is beginning to recognize that it is very unfair for the state to continue to boast that it levies no state tax simply by passing laws which require the local units to pay the cost of administering the law, such as the old-age pension law.

Our League has never opposed the right of citizens to control the amount of general property tax levies. It is very unscientific to do this on a state-wide basis. If the citizens of any city or village desire to impose a mill tax limit locally, we certainly would not oppose it. In fact, it was our League which was responsible for the adoption of the home rule amendment to the state constitution under which the citizens of any city or village may proceed by petition and referendum to impose any tax they desire locally, whether it be in terms of mills or dollars or what not.

Frederick N. MacMillin
Executive Secretary, League of Wisconsin Municipalities

The Citizen's Duty Toward Relief

Normal business employment the only cure for relief problem. Citizens must create conditions to make jobs available in industry

OSWALD W. KNAUTH *Chairman, Emergency Relief Bureau, New York City*

RELIEF work is always, from its very nature, critical. It only enters when there is a crisis. If there were no crisis, it would not exist. We can never plan ahead adequately for relief because we do not know just what to plan for. Relief work is always in a hurry, for it must meet an ever-changing crisis as the changes occur. It has always been, and probably always must be, incapable of meeting the situation in a fully acceptable manner, for it is stop-gap work and not planned work. It just has to do the best possible, under all the existing limitations.

Hence, relief is easy to attack from almost any angle, and very difficult to do in a manner really satisfactory either to oneself or to the community. It is easy to take the attitude of a chronic complainer, and it is this very ease which makes so many of them and makes them so vociferous. Let there be no blinking the fact, many of the criticisms are well founded, but, they are inevitable in any relief set-up. We in the Emergency Relief Bureau realize that very well, and we ourselves have discovered and corrected many other points which somehow seem to have escaped the eagle eye of all our outside critics.

It is just because I appreciate the value and necessity of outside criticism that I want for a moment to turn critic, myself, and lodge a few complaints of my own. When the depression first struck this country the citizens rose to meet the emergency with laudable unity and with fine results. A great proportion of those who had jobs or who had some private means recognized their full duty to help their less fortunate brothers and sisters. As long as these private drives were continued this united community interest was maintained. But, when the problem became too big for private support, and the government took over the administration of relief, the public attitude changed almost over night. The results have been unfortunate. Never before has there been so great a need for public interest and full citizen coöperation.

It is not necessary to emphasize how unfortunate this public apathy really is. We all have friends who, on election day, would rather play golf than cast a ballot; who would rather play bridge than be troubled with any concern over civic affairs; and it is these very people, who are too busy with recreation to do their full duty as citizens, who generally complain the loudest when anything goes wrong.

This job of relief is too big and too important to be delegated to others. It requires the intelligent coöperation of every citizen. The citizen who does not work with us, first, to increase the efficiency of relief, and secondly, to end the necessity for relief, is a slacker.

The Relief Bureau is the agent of the city, the state and the nation in dispensing relief to those who are in need and conversely, of course, it is our responsibility to see that those who do not need relief do not get it. In a single sentence, this is our final problem. We are not primarily an employment agency and we are not primarily a job-finding agency. We have undertaken, in addition to giving direct relief, a certain amount of work relief and it is this work which the federal government is about to take over and expand. Such work as we have done has been strictly limited by our monthly resources.

So much for the simple side of our problem. What makes it complicated is its vast size and the effect of this vastness on the community. When you have one-fifth of the population on relief, it means that they are living off the surplus of the other four-fifths. This is a drain on the industry of the country comparable to the drain in time of war. It means that our population is divided into two classes, four-fifths of whom are independent and one-fifth of whom, without work on their part, are dependent on the others.

Now our economic and social system does not contemplate two such classes and the problem before you, as citizens, is how you can fit our system to meet this situation. With such a large proportion of the community dependent on the rest, isolation becomes impossible. You cannot create a vacuum in which they would exist separately and not affect the entire system. The condition permeates our entire community. The problem, then, is not one for the social worker; it is one for the social scientist and social adjuster.

It is the secondary and tertiary effects of everything we do that is important. How much relief should be given to those who are without a job? Our answer has been a bare existence; and even this has strained the resources of those who are independent. But the effects do not stop here. When one-fifth of the population has a bare subsistence, there is a resultant effect on the stability of the industry that supports them. There is less purchasing power, so that retailers and suppliers must adjust themselves at the very time when they are being taxed.

Take the situation with regard to rents. It has been considered that food and lodging are the primary necessities and we make allowance for rent at a low rate. This rate, indeed, is so low that landlords in many cases are unable to meet their expenses, plus their mortgages, plus their taxes—the very taxes that provide us with the money to give relief. We have a citizens' committee, composed of prominent and practical men familiar with the situation, studying this problem and I hope the committee will tell us how best to meet it. What I want to point out here is the effect on the community of everything that we do.

WORK RELIEF

Take again the problem of wages in our works division. We pay at the "going rate", but we limit the amount that can be earned in any month. The reason for paying the "going rate" is that it is considered that anything less will tend to reduce competitive wages and therefore affect the economic system as a whole. I shall revert to this in another connection shortly after, but the result of the many changes in working crews due to our staggering of the men at work is inefficiency. You cannot have a system whose main object it is to create relief work and have it normally efficient at the same time. It would be fine, but it is impossible.

Of course, the selection of the projects which we undertake also is affected by the existing system. We must not undertake works which would normally be undertaken, for then we would be throwing out of employment those who have jobs in a normal way. We must also select such works as expend a large proportion on direct labor and a small proportion on materials. It must also be simple work, for anything complex would require a degree of supervision which would be costly.

All of this limits greatly the type of things that we can do, for they are chosen in order to create work for the purpose of relief and only secondarily in order to leave some benefit to the community as a whole.

In the sense that they provide work, thus keeping normal skill at a fairly high level and, at the same time, bolstering a morale that has been shell-shocked by months and years of depression-induced idleness, these relief jobs are better than home relief. Furthermore, by resulting in some measure of physical improvement to civic works such as parks, streets, bridges, and sewers, they are also preferable to home relief, for home relief is an expenditure by the community without any return whatsoever.

HOME RELIEF

The system which we are creating and trying to perfect in regard to the selection of home relief is dominated by the desire to make it easy to place people in normal work. To this end we are perfecting a close coöperation with the state department of labor whereby it will take over from us the occupational classification of all people on relief. If it can find the jobs in normal industry, so much the better. We hope that the expanded federal work program will also draw from home relief many of those who are now on it.

Our share in this program is to see to it that those who are offered proper jobs, whether they take them or not, go off home relief. We cannot see why the community should support anybody who refuses a proper job. The complication in this situation is the definition of "proper." There are some types of work that it would be bad for the community to force people into, owing to unsanitary conditions, indecent conditions, hours that are too long, or substandard wages. Those definitions are the duty of the state labor department.

INVESTIGATORS

We operate through forty-four precincts scattered through the city and we have something less than five thousand investigators. Each is supervised, and we have in addition, a system of special investigators to help in doubtful or border-line cases. We have tried also, in a small way, a system of panels or boards of citizens, who are intended to be in close enough touch with the different precincts to assure themselves, and therefore the public, that the work of our investigators is being properly and well done. We are strengthening this system and re-building it. It has not been as effective as it should have been for lack of supervision and encouragement. Such a system does not work by itself but needs to be constantly built up and helped. If properly done it is a safeguard to the citizens and a great help to the investigators.

I have met a great many of the investigators and they are mainly a fine group of sensible people. I have much evidence that they are using good, common sense and not many evidences to the contrary.

Where we do find such evidence, we are taking corrective action and that, too, is our daily task of administration. Our system of supervision seemed needlessly complicated and it appeared to me to lack that conjunction of authority and responsibility which is necessary. We are straightening that out and we look for further improvement.

I wonder how many people realize that an investigator's job really comes under the classification of a hazardous profession. In many cases the investigators, whose duty it is to discover any undisclosed sources of income in order that there be no cases of relief fraudulently given, literally take their lives in their hands. Threats are a daily occurrence and several times during each week our investigators, most of whom are women, are physically attacked. We even have a number of instances in which they have been threatened with death.

In spite of everything, our relief rolls are growing. They went down slightly in the first part of May, but since the middle of last month, contrary to the normal seasonal trend, we have had an increase. Naturally the causes of this are complicated, and our studies indicate that the increases are due partly to the wearing out of borrowing ability; partly to the dangerously strong tendency of relatives to throw on the city what should be their primary responsibility; and partly to the fact that the new federal works relief program emphasizes the necessity of making these jobs available only to those on home relief. All of this has made it possible, and in fact necessary, for those who could technically qualify to take advantage of the situation.

ADMINISTRATION

At this point let me refer a bit to administration, for that is the field with which I am most familiar. To do this work properly we must have an extremely efficient organization, and that means an organization which is quite on a par with the most efficient business. Everything in the past has tended against this. First of all there has been a feeling that the work is temporary and that it was a sort of charity. There was at one time a movement to have the administration done by those on relief.

Now none of these basic concepts makes for efficiency. We must have in responsible positions thoroughly capable people and thoroughly sensible people. The proper expenditure of twenty million dollars a month of public money is quite as difficult and needs as high grade ability as a business organization of similar size. We have gone a long way towards meeting these standards, in spite of the fact that we have nothing beyond the desire to serve the public to attract men of this grade.

As I understand it, the administration of the bureau should be carried on by four quite distinct classes of people. First, there are those on the top who are entirely independent and interested solely in seeing that the city is properly served.

Second, are those technical persons whose judgment is of a high order and who are capable of solving the complex problems of our organization. Such persons form the backbone of the organization; their permanence must be reasonably assured and their salary comparable to the normal city rates. The efficiency and excellence of the entire organization depends on them, and to underestimate their contribution is a penny-wise and pound-foolish policy. It is because these salaries were not comparable that the recent attempt was made to adjust them so as to assure the relief administration continuity of services and efficiency in administration. Some of the persons have said that they would not leave their jobs even if they did not get the increases; but I take it that there is no desire on the part of the community to penalize loyalty. After long study, with all the different aspects of the organization in mind, the increases were recommended by Mr. Boardman, the efficient engineering head of the works division. I think it could only be because the complex nature of this organization is not understood, that any criticism arose.

The third class is of a more dual nature and should combine ability with the desirability of taking people from the relief rolls. Such persons comprise the bulk of the administrative staff. Lastly are those routine positions where relief is dominant and where judgment is not so important. These positions should be, and are being filled from the rolls of home relief.

Now an organization like this is peculiarly subject to pressure and to undermining. Its purpose is less clear than that of the normal business organization, for it is essentially engaged in giving out money rather than in earning it. It is impossible to give out twenty million dollars a month without being attacked, because all our problems have a dual aspect, and thus there is no clear right and clear wrong. We are generally faced with finding a solution that is less bad than another, and not a solution that is decidedly good in and of itself.

DIFFICULTIES ARISE

All this is aggravated by the fact that we have in this city many groupings of citizens based on different mutual interests—political, religious, racial, technical, labor—and we even have a group which is held together by the misfortunes of physical handicap. Each of these groups has the special object of looking after its own interest. When you add to this the fact that the community is "on edge," you have room for a great deal of dissatisfaction, some of which is justified.

Now the fact is that our one object is the giving of relief without favor or discrimination to those who need it. We are limited in the amount of relief we can give by the appropriations made available to us from month to month. We are doing our best to give this relief where it is needed.

There are many apparently reasonable requests, like the demand for jobs, which, as a relief organization, we cannot meet. The Emergency Relief Bureau is not responsible for the depression. It is the agent of the city in the task of alleviating some of the suffering caused by unemployment.

Our problem extends through the entire city, and requires all the help of all the citizens if it is to be done in a manner creditable to the City of New York. There is no small group anywhere capable by itself of doing this work in the best way. We are all interested, both as taxpayers and as citizens, to see a stable social order and a happy community. We cannot isolate the problems having to do with relief. They are with us and we must face them individually and collectively.

Mayor LaGuardia has supplied government leadership in bringing federal funds to New York and in his encouragement of export and import. He is doing what he can. It is for business and labor leaders to decide that they cannot tolerate this vast army of unemployed, and it is for them to create terms under which people can return to normal productive business employment.

Editor's Note.—Text of address delivered before Citizens Union of New York City, June 18, 1935.

Paying for Economic and Social Security

Federal aid very necessary if welfare activities included in the social security program are to meet the need adequately

JOSEPH P. HARRIS *Former Assistant Director, Committee on Social Security*

NOT long ago the president of a small manufacturing concern wrote the President about the cost of the social security bill as follows:

> ". . . If the social security bill is passed, I will have to close down my plant, as I feel that, together with taxes that we are subject to now, and the taxes that will be imposed upon us by the cost of the social security bill, we will lose our plant and equipment. It has only been by the most exceptional sacrifices that we have been able to keep on operating through the depression, employing as many people as possible.
>
> "Very frankly, this morning's newspaper reports discouraged all incentive to continue."

Probably many businessmen feel very much the same way about the social security act.

There have been many misrepresentations about what the social security bill provides in the way of payroll taxes and other costs to be borne by taxpayers. A circular issued recently stated that the federal government is about to impose a payroll tax of 6 per cent on employers, and taxes of an equal amount will be levied by the states to carry out the program. There is no truth to this statement. The federal tax upon payrolls under the social security act in 1936 is 1 per cent. The maximum rate, which will not be reached for fifteen years, is 6 per cent. The state contribution rates for unemployment compensation will not be additional to this figure, but will be credited against the federal tax.

There was recently circulated throughout the country a statistical summary of the financial aspects of the social security act which stated that the total bill, up to the end of 1950, would be forty-one billion dollars. This was put out by a firm whose particular business is that of advising companies in setting up retirement systems, and consequently are obviously opposed to the social security program. This summary included the total of federal and state expenditures for old-age pensions, for dependent children, and for the other welfare activities included in the social security act, and also old-age insurance and social insurance. Comparison was made between this staggering total of forty-one billion dollars and the national debt of about twenty-eight billion dollars at present, and the world war debt of twelve billion dollars. Of course, if we take any expenditure for a period of years, we can arrive at a large figure. One might ask, why stop at fifteen years? If we take, instead, thirty years or fifty years, we get a much larger figure.

These estimates of forty-one billion dollars for the fifteen-year period up to and including 1950 are based upon maximum estimates which have been made for all of these activities and the total expenditures of all units of government. What the actual cost will be, no one knows. Take the matter of old-age assistance—this estimate of forty-one billion dollars, by those who oppose the social security bill, includes as one item approximately twelve billion dollars for old-age pensions over this fifteen-year period. No one knows what the actual cost will be. The staff of the Committee on Economic Security has estimated that the cost will be about five billion dollars, federal and state, over this period, while the consulting actuaries of the committee estimated that the cost might run as high as twelve billion dollars. The critics of the bill have naturally taken the higher figure.

At the present time thirty-five states in the union have old-age assistance laws. Certainly, no one can charge that the social security act is responsible for this type of expenditure. No doubt, with federal assistance, the cost in the future will be much greater, but we must recognize that there is a widespread demand for this type of treatment for aged needy persons. The cost in the future will rapidly increase, regardless of whether or not federal aid is provided. In one sense, the social security program increases this cost by stimulating the states to make more adequate provisions and by matching their expenditures. But, over a long period of time, the social security program very greatly reduces the cost for gratuitous old-age pensions by providing a self-supporting system for old-age insurance. When twenty-five million wage earners are contributing to an old-age insurance system, much of the political pressure of the constant extension of free old-age pensions will be removed. This large group of persons who pay out of their earnings for old-age security will not look with favor upon the payment of extravagant free pensions to others.

There is a widespread demand for more adequate provisions for aged needy persons. This demand is based upon the growing feeling that society can well afford to pay old-age pensions to retire aged persons from the labor market. There is also a growing dissatisfaction with our homes for the aged, and a demand for support of needy aged persons in their own homes. The social security program recognizes this demand. It also recognizes that the ideal provision of security for old age is not public support of those who are dependent, but the avoidance of dependency in old age through a system of old-age insurance.

Another item in the social security program providing federal aid to the states for public welfare purposes, is the aid for dependent children under the state mothers' pension laws, which will amount to approximately twenty-five million dollars a year, increasing gradually to probably fifty million dollars annually. This, however, is no new expenditure for either the federal government or for the states. It does not represent an increase over what is being spent at the present time, but rather a better method of taking care of families which have lost the wage earner. The other items—maternal and child health, crippled children, vocational rehabilitation, blind pensions, and public health measures—amount to only a few million dollars annually and constitute no serious problem of financing.

UNEMPLOYMENT INSURANCE

The largest future cost of social security will be for unemployment compensation and for old-age insurance. During the next fifteen years, it is estimated that the taxes collected for unemployment compensation will total about twelve billion dollars, or an annual cost of eight hundred million dollars. Presumably, this will be expended currently, though it is quite possible that at the end of fifteen years a considerable reserve will be left for future benefits.

It is necessary to look at the other side of the picture. What will be the wage losses during the next fifteen years in the employments covered by this form of social insurance? According to the estimates of the actuaries of the Committee on Economic Security, the total wage loss over a period of fifteen years will be about seventy-five billion dollars. For the last several years the annual wage loss has amounted to over ten billion dollars, and an estimate of seventy-five billion dollars over a period of fifteen years may be regarded as quite conservative.

One may well ask how it is expected that twelve billion dollars in the form of unemployment benefits can be spread satisfactorily over wage losses more than six times this figure. When we consider, however, that unemployment compensation benefits usually amount to only 50 per cent of regular wages, are paid only after the worker has undergone a waiting period of one to four weeks, and are paid only for a limited period of time, we can understand how benefits totalling only one-sixth of the wage loss may provide a considerable amount of security. It must be borne in mind also that partial unemployment will be largely uncompensated.

The cost of unemployment compensation will be paid originally by the employer through a payroll tax at the rate of 1 per cent in the first year, 2 per cent in the second year and 3 per cent thereafter. Since this tax applies uniformly throughout the country, no doubt it will be largely passed on to the consumer and will thus constitute a very proper and legitimate charge in the cost of production. This cost will be reflected in increased prices, but the effect of this is usually exaggerated. Take, for example, manufacturing, which will bear a very large part of the unemployment compensation tax. According to the 1933 Census of Manufacturers, labor costs amounted to only .21 of 1 per cent of the value of products. If a 3 per cent tax were passed on entirely to the consumer, the increased cost of manufacturing would only be about .63 of 1 per cent. Of course, the payroll tax does not stop at manufacturing, but applies also to other stages of production and distribution, but the total cost, if passed on entirely to the consumer, will be much less than 3 per cent of the value of products. The usual estimates are that only about 66 per cent of the value of production represents labor costs, but we must remember that only about half of the gainful workers will be covered by unemployment compensation and quite probably a 3 per cent payroll tax will result in an increase in prices of only about 1 per cent, again assuming that the entire tax is passed on to the consumer.

No doubt, part of the payroll tax cannot be shifted and will have to be borne by the employer. But, employers in practically all other industrial countries of the world are paying contributions for unemployment insurance for their workers. At the present time in this country the worker bears the entire loss resulting from unemployment and he will continue to bear probably five-sixths of it even under a system of unemployment compensation.

OLD-AGE INSURANCE

Let us turn now to old-age insurance. This tax which applies equally to employers and employees starts at a 1 per cent rate on wages up to three thousand dollars a year in the year 1937. It increases by ½ per cent each at three-year intervals until it reaches a maximum rate of 3 per cent each in 1949. The estimated tax receipts on this form of taxation during the first fifteen years will total about fifteen billion dollars, but at the end of the fifteen-year period there will be a reserve fund amounting to approximately fourteen billion dollars, representing savings for the future payment of benefits. The actual benefits paid out during the first years will be slight, increasing gradually as more and more persons under the plan retire and qualify for benefits.

It is a mistake to look upon these forms of social insurance as ordinary governmental costs. Unemployment insurance is a means of spreading the economic losses due to unemployment so that they do not fall with such tragic consequences upon the immediate families concerned. These economic losses are with us and are inescapable. They will continue under unemployment compensation and will be borne in a large measure by the persons concerned. Unemployment insurance does not create any new burden, but merely spreads the existing social burden. Society cannot escape from bearing a share of this cost. If it does not do it through unemployment insurance, it will do it through high taxes for unemployment relief.

Much the same is true of old-age insurance. The problem of old age is certainly not created by the social security program. It is rapidly becoming one of our greatest social and economic problems. The needy aged must be cared for in one way or another. This need is met by the social security program in two ways. First, by federal financial support of state and local units of government in providing gratuitous old-age assistance to needy aged persons, and secondly, by a form of old-age insurance which will enable the worker, with the help of his employer, to make his own provision for old age. Old-age insurance is the better solution because instead of taking care of dependency, it avoids dependency. It must be recognized, however, that many persons who are not covered by the system of old-age insurance will be dependent in old age, and we can never dispense altogether with a system of free old-age pensions for needy aged persons. The cost of this activity, whatever it may become in the future—and there is every indication that it will be large—will have to be supported by general taxes.

LOCAL GOVERNMENT FINANCE

There is an imperative need of federal aid for old-age assistance and the other welfare activities provided in the social security act. The breakdown of state and local financing is all too well known. The local units of government are supported primarily by the general property tax. In 1932 the general property tax amounted to 92 per cent of all local tax revenues. Now it is quite apparent that this form of taxation cannot be expanded to take care of increased public expenditures in the future. The indications point the other way. Relatively high general property taxes have been collected in the past because property has been constantly increasing in value. In 1922 the valuation for the entire country was $124,000,000,000. By 1930 this had increased to $167,000,000,000, an increase of $43,000,000,000 in eight years. High property taxes could be levied because they amounted to a public levy upon part of the unearned increment of land values, but since 1930 the situation is just reversed. Property values have dropped back to approximately the 1922 figures. We cannot expect the property owner to pay as high taxes on his property during a period of falling prices as in a period of rising prices, which has been the general rule in this country for many years. In 1932 the general property tax collections of state and local governments amounted to 57 per cent of the total taxes collected for all units of government in the country, including the federal government. It is extremely significant to compare this with the situation in Great Britain where tax receipts from general property amounted to only 17.7 per cent of the total tax receipts of the national and local governments. Everything seems to point to a material reduction in the general property taxation in the future.

Considerable light on local financing of social work is also shown by the public debt situation of local units of government. During each decade since 1900, the debts of local governments have almost exactly doubled. In 1922 local governments had a total net debt of $7,750,000,000. By 1932 this had increased to slightly over $15,000,000,000. During this same period the federal government had wiped out about $10,000,000,000 of its national debt, cutting it nearly in half. This increase in local indebtedness reflects the expansion of public works, but also the inability of the present tax structure to meet the cost of local government. The evidence is clear that local units of government, limited almost entirely to the general property tax, are in no position to shoulder the increased cost of social work in the future. Local units of government are powerless, legally and practically, to levy new forms of taxes which will raise any appreciable revenue. It is all too apparent that state and federal aid are absolutely essential to meet the problem. It is significant in this connection to again refer to the English practice. England has had a long history of grants-in-aid to the local units of government, but the grants have been increasing very rapidly during the last ten years. In 1920 the grants-in-aid of the central government to the local authorities amounted to approximately $250,000,000, or about one-half of the amount raised by local taxation. By 1932 the grants-in-aid had increased to over $600,000,000 or almost equal the amount raised by local taxes.

STATE GOVERNMENT

State governments rely much less upon the general property tax than the local governments. The most recent development in state finances has been the phenomenal growth of automobile taxes—gasoline and automobile license taxes. These forms of taxes constituted 42 per cent of the total state tax receipts in 1932. When the states were confronted with the necessity for paying a share of the cost of unemployment relief, they have found it necessary to resort principally to two methods of financing—borrowing and the sales tax. Neither method is satisfactory nor to be looked upon as a permanent policy. The fact of the matter is that the states are in much the same situation as the local units of government. Legally they are in a superior position, for they can levy new forms of taxation, but actually the competitive situation is such that they can raise new revenue only with great difficulty.

Another factor also enters into the situation. There is an enormous disparity between the income and taxpaying ability of the citizens of the several states. According to studies of income, New York State in 1929 had the highest per capita income, amounting to $1,365 per person. On the other end of the scale was South Carolina with a per capita income of only $261, or about one-fifth of that of New York. In that year eight states had less than a $400 per capita income. Twenty states had less than an average of less than $600 per capita, while five states had over $1,000 per capita, and twelve states had over $800 per capita. Everyone knows that there is a great concentration of wealth and income in our populous urban states. Most of this income is based upon nation-wide operations.

The taxing ability of the federal government is vastly superior to that of the state and local units. It is not bothered by competition between states or communities; it is not hampered by constitutional restraints; it is the only unit of government which can effectively tax those most able to pay.

The need of federal aid for the several welfare activities included in the social security program is tragically apparent. I am not disposed to view the total expenditures involved for grants-in-aid to states with any degree of apprehension. It is unlikely that they will amount to as much as five hundred million dollars annually for a number of years to come. Except for the old-age pensions, the other items will hardly total one hundred million dollars annually in the future. When we compare this to our expenditures for national defense and for military veterans, we cannot become alarmed. When we consider the fact, also, that the federal government during a period of about ten years, from 1920 to 1930, was able to retire each year about one billion dollars of its debt, reducing its tax rate a number of times during the period, we can feel fairly sure that these items do not place upon the federal treasury any unusual burden in the future.

The provisions of social insurance in the social security program will not add to the burden upon the taxpayer, but quite the contrary. By the spreading of a part of the economic burden of unemployment over a wider group in the community as provided in the unemployment compensation, the necessity for governmental expenditures for unemployment relief will be greatly reduced. Those who fear the economic consequences upon business and industry fail to recognize that practically every other industrial country in the world has such a system. The system of old-age insurance, providing an income to wage earners upon retirement, may be regarded as a form of savings for old age. No one views with alarm the creation of similar systems upon a voluntary basis by employers. Old-age insurance is based upon the very simple principle that wages should be spread over the entire lifetime of the worker, rather than merely his productive years.

Editor's Note—Address delivered at the Institute of Public Affairs, University of Virginia, July 8, 1935.

Schenectady Manager Government Upheld by Courts.—The New York Court of Appeals early this month sustained the election in Schenectady last November in which that city voted overwhelmingly to adopt the city manager plan of government. Despite the evident desire of the citizens, who voted two to one in favor of the plan, it looked for awhile as if they were to be denied the right to use it when the Appellate Court held the election illegal.

Opponents of the city manager plan, basing their case on minor infractions of election regulations, believed they had blocked the move when the Appellate Court ruled in their favor. However, the fight was carried to the Court of Appeals which reversed the decision of the lower court, and confirmed the will of the voters.

The decision was joyfully received by the Schenectady Charter League and the Taxpayers' Association, as well as by the local press. Petitions being circulated to force a special election in case of an adverse court ruling have now been dropped, and every effort is being made to insure the election of well qualified officials in the fall election.

Dust Gets in Your Eyes

The citizen in the new world of planning

LUTHER GULICK *Director, Institute of Public Administration*

THE first of the great dust storms came out of the west about a year ago. Since that time there have been many more, though few have carried as far as the eastern seaboard. In the fall I rode through mile after mile of the country from which that dust came. It is a tragic sight. There are fields of dead cornstalks which never came to maturity, fences that have been buried in dust, leafless trees, grassless meadows, deserted homes, dry wells, waterless riverbeds. The few people you see look like Indian mummies and their occasional livestock gaunt and lifeless. Over everything is a brownish, red color. There is no green to rest the eyes, no life to cheer the spirit, no sign of healing to comfort the heart.

DUST AND CIVILIZATION

I have seen the destruction wrought by earthquakes, by fire, by tidal waves, by tornadoes, by typhoons, by lightning, by war. But none of these compares with the thing that is now happening on the prairies, the plains, the hills of North America in our own lifetime. These other disasters are sudden, cruel, and explosive. This disaster is gentle, relentless, and silent, except for the moaning of the wind and the occasional rush of the rain in torrents down the deep gullies carrying away still more soil. What is it we are seeing? Is it the birth of a great new American desert? That seems to be the conclusion of the engineers, geographers, and agronomists. While it is too early to say this definitely, there are some things that we do know. We know that these areas were until recently covered with trees and with grass. They were plentifully supplied with water and blessed with rains. This was the land

"Where the deer and the antelope
played
Where seldom was heard
A discouraging word."

Then came the covered wagon, the axe, the plow, the tractor, and the white man—hardworking, patient, energetic. He felled the trees so as to send away the greatest possible quantity of timber to be sawed into boards; he planted wheat and corn, and raised hogs and cattle, so as to get from the soil every dollar he could, as quickly as he could. On the great meadows he grazed cattle and sheep, all the land would stand, so that he might sell to the east, and to England, and to Europe. Never before in history was such a large area of the surface of the earth brought under the hand of man to yield him wealth in such a short span of years.

But the cumulative result of all this hard work by the timber-cutters, the cowboys, the farmers, and the drivers of tractors and combines, was to upset the processes of nature. When the trees and the grass were gone, the moisture, too, began to leave. There was nothing to hold it back, so when it rained, instead of soaking into the soil, it rushed into the rivers, filling them with priceless topsoil and threatening even to silt up the power and irrigation reservoirs, so that these gigantic works may be useless in a relatively short time. And when the sun shone, it was hindered by no foliage, but sucked the soil dry and baked the fields and prairies. And then the wind did the rest, stirring up and carrying away thousands of tons of topsoil, and leaving behind miles and miles of sand.

This is not the first time in history, apparently, that men have upset the balance of nature and brought the desert into their fertile lands, and mountains of dust into their homes. Think for a moment of the Garden of Eden. The early records place the garden in Asia Minor, perhaps in the valley of the Tigris and Euphrates, a land that is now hardly more than a desert, inhabited by seminomadic tribes. Then there was Palestine, "the Promised Land, flowing with milk and honey," almost deserted for fifteen hundred years. Was Egypt so barren and sandswept in the days of the Pharaohs? Or is that another land that went desert, gradually driving out man, and forcing him to leave behind the greatest monuments ever built until our modern age of machinery, steel, and concrete? Whatever the causes were that turned to sands the fertile fields of Assyria, Egypt, the Garden of Eden, and the Promised Land, and their civilizations into dead monuments and dust, we know what it is that is now turning our western lands into deserts.

ECONOMIC IMPORTANCE

The economic importance of what is happening is worth noting. Of the two billion acres in the United States, about one-fourth, 450 million acres, is farm and agricultural land, according to the recent survey of our national resources. Thirty-five million acres have been utterly destroyed already. Another 125 million acres have been largely stripped of topsoil so that they now have lost 90 per cent of their power to produce; and another one hundred million acres are in serious danger. If we let matters go on as they have gone in the past, we shall, within a comparatively short time, find ourselves with less than half the farm acreage that we need for our population. The value of the annual destruction of the land has been estimated to be $400,000,000 a year during the past decade.

But I am not interested in elaborating these statistics here. I am interested rather in the light which this experience throws upon the nature of our civilization.

UNDERLYING FACTORS

Most of the men who brought on this great disaster were decent, honest, hard-working Americans. They were like you and me, except that they had harder hands, stronger backs, and could shoot and ride better than we can. Of course there were a few, especially those who stripped off the timber and allowed the slash to burn, who had no decent regard for the future. But the pioneers and their descendants were generally as fine and reasonable and friendly people as there were anywhere in America. Each one was doing what he thought was the best thing to do, and yet when you add up the sum total of the things they did, what do you get? A great public disaster, a disaster which is engulfing them, and threatening us as well.

We are accustomed to adding two and two and getting four. And we know that if we do it over and over again, say one hundred times, that we will get two hundred for the answer. But when you take these farmers and ranchmen and timber owners in the west, and add up the sensible, positive things that A did, plus the sensible, positive things that B did, and so on for ten thousand hard-working Americans, you don't get ten thousand sensible things. You get instead one tragic disaster, a negative result, and ten thousand ruined ranches and farms.

This illustrates one of the most important facts of social and economic life: *the sum of the natural and reasonable activities of individuals who make up a group may be extremely harmful to the group as a whole and thus to those individuals as well.*

Now let's turn back to the lands that are in danger of going desert. What can a ranch owner do by himself? Well, he can plow along the hillsides following the contours so as to delay the run-off of the rain; he can grow crops in strips; he can practice rotation; he might even do some terracing and build protections in the gullies. But would all this expenditure of energy and money bring up the level of water under his farm lands; would it stop the dust or the floods from the ranches that lie above him? As a matter of fact, a large part of his work would be a benefit to someone else.

While every one will do a certain amount of work which is a benefit not to himself primarily, but to others, it is not possible to rely on this as a continuous force in the day-to-day life of individuals who have a hard enough time making their own living. And beyond these things which can be done on the individual ranches and farms, there are needed to make up for the destruction that has been wrought great dams and irrigation projects which no one person can afford, and which may serve millions of acres. It is obvious that we cannot depend on the independent action of individual farmers to bring soil erosion under control. This illustrates a second fact: *Individual action cannot be relied upon to rescue a group from a disaster brought upon that group through the natural and reasonable action of individuals who form it.*

THE WORLD TODAY

In the world today, we are confronted by a great many problems which have been created for nations and for other large groups of human beings through the more or less reasonable and natural action of individuals. The international situation is a good example. The collapse of world trade came in large measure because groups within each nation thought it would be the sensible thing to place restrictions upon commerce through tariffs or quotas. It was "good for them". What they didn't see was that this practice would destroy international trade, and that this would in the end ruin their own nations with unemployment and that they themselves would then be swept into the whirlpool, the descending spiral of the depression. The competitive management of currency in the hope of getting advantage over other nations is another of these fallacious economic endeavors. It is another boomerang which in the end serves to destroy, not to build up. It would be possible to go on describing the various difficulties that have been encountered both here and abroad, and to show to what extent many of these disasters mankind has brought upon itself as a direct result of the violation of the fundamental laws we have been discussing.

These conditions have produced the same general response throughout the world. There has been everywhere the sudden development of strong group power, that is, governmental power, and the insistence that this power shall dominate the situation, curbing all individual action so that such action will not injure the group as a whole. This is true of all the dictators in Italy, in Germany, in Poland; it is true of Russia, it is true of Japan, it is true of England and of France under their "national" governments. And in every case how is action for the benefit of the group as a whole being attempted? It is being attempted by setting up some kind of a national plan, made by the central representatives of the group as a whole, into which all of the work of government, all of the major policies of industry, and even the chief activities of individuals are required to be fitted. By doing this, the nations are trying to make sure that the sum total of individual activities will add up to a positive and desirable result.

We do not need to discuss the various kinds of national plans which the nations are attempting in these difficult times. They differ among themselves very greatly, and our "New Deal" is a still different kind of national planning for group action. But it is important that we see that there is apparently no rational way out of group disaster except through group action, which means group planning.

THE CITIZEN

In this new world of planning the citizen has a much more difficult task than he has had in the past. He will have to learn by heart and by head these three truths:

1. That the sum total of the natural actions of individuals may add up to form a national disaster;

2. That you cannot rely on the natural actions of individuals which created the disaster to cure it; and therefore,

3. That you must develop the appropriate kind of group action to find the way out.

The citizen of the future must, therefore, be prepared to think of himself as a member of a much larger group than in the past, and he must insist on national and world group planning. In the interests of intelligent planning and efficient administration of plans, the citizen will have to demand better men in government and insist that they play less politics and do more work, and that they are given adequate powers and continuity. When plans are developed, the citizen will have to make it his business to work *with* these plans, not against them. All of this will mean a strengthening of the influence of group action, that is, of government. In order that this may be safe, the citizen must insist on the maintenance of more rigid controls, and above all of the right of freedom of speech, even for those with whom he does not agree, and freedom of education.

Human beings are by nature somewhat rational, somewhat fair-minded, and somewhat social. There is, therefore, no real danger of absolutism or slavery as the result of national planning if there is freedom of speech and press.

Supreme Court Limits Public Utility Valuations

Recent decision on use of index numbers, although blow to regulation, may lead to greater demand for public ownership

JOHN BAUER *Director, American Public Utilities Bureau*

IN a decision and majority opinion handed down on June 3, 1935 (Public Service Commission of Maryland vs. Chesapeake and Potomac Telephone Company of Baltimore City), the Supreme Court of the United States apparently fixed the most definite limitation ever placed upon public utility valuation since the original pronouncement on "fair value" in the famous case of Smyth vs. Ames in 1898.

Intelligent and open-minded students have long agreed that the present system of regulation as developed under state legislation and the Supreme Court decisions, has had its chief defect in the matter of valuation. The general standard has been that a company must be allowed rates high enough to cover all reasonable and necessary operating costs, plus a fair "rate of return" on the "fair value" of the properties used in the public service. While this has been subject to various difficulties of administration, the paramount one has been the determination of fair value. This has been subject to judicial criteria which have been indefinite both as to concept and procedure. The Supreme Court has set out the factors to be considered, but has never fixed positive elements to be included, or prescribed the proportions to be allowed.

In the entire history of rate regulation, the major issue has been the extent that fair value should be determined by actual cost of the properties used in public service, or by so-called "reproduction cost" as found at the time of the inquiry. The one could be determined quite readily from records and accounts, and could be adjusted more or less satisfactorily without serious uncertainty as to facts. The other has been based upon physical appraisal as determined by inventory and computation of unit prices for installation at the time of valuation, and so has involved estimates, assumptions, uncertainties and violent differences in claim as to quantities properly included. In procedure, it has led to specialized dispute, elaboration of detail, expense and delay, and has therefore largely precluded systematic and continuous rate control.[1]

The difficulties of determining reproduction cost by appraisal have led practically to its abandonment by the commissions and consumer representatives. Although previous court opinions rather indicated that fair value as such must be determined by physical appraisal, with due regard for existing and prospective prices and costs, the decisions had not been definite and called for consideration of other factors. Consequently, the commissions and public representatives have kept away from appraisal as much as possible, and have relied primarily upon records and analysis of actual cost. The years of depression particularly have largely precluded the use of appraisal; public funds for that purpose have not been available, and yet there has been great pressure for rate reductions in the face of declining prices, contraction in purchasing power and unemployment.

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[1] The faults of appraisal have been frequently considered in the REVIEW by the writer. They are set forth comprehensively in "Public Utility Valuation for Purposes of Rate Control", by Bauer and Gold (Macmillan Company, 1934). See particularly Ch. VII "Reproduction Cost Assumptions" and Ch. VIII "Valuation Procedure".

USE OF PRICE INDEX NUMBERS

Under these pressing conditions, special efforts have been made for short-cut procedure to determine valuation with maximum expedition and minimum expense. To give effect to the shift in prices and costs, there has been particularly recourse to use of price index numbers for adjustment of actual investment to the new level of equivalent values.

The use of index numbers assumes that fair value starts with actual investment prudently made, and that its subsequent modification is basically justified only by price changes as indicated by index numbers published by the United States Bureau of Labor and other organizations concerned with price movements. When prices have risen, adjustment according to appropriate price index would show the equivalent value of the investment in terms of the lower dollar value. Conversely, if prices have fallen, it would convert the investment to the higher dollar value. Inasmuch as authoritative price indexes are readily available and records of actual investment are usually kept quite satisfactorily, the adjustment of fair value to changing prices could be made promptly, and rate revisions could be ordered by commissions without recourse to appraisal, with its assumptions, uncertainties, cumbersomeness, expense, and delay.

Notwithstanding its fundamental sensibleness and economic soundness, the commissions have been reluctant to adopt the index number method for fear of judicial disapproval. The Chesapeake and Potomac Telephone Company case at last placed the issue of the use of index numbers squarely before the Supreme Court.

THE BALTIMORE TELEPHONE VALUATION

On November 28, 1933, the Public Service Commission of Maryland ordered a reduction in telephone rates charged by the Chesapeake and Potomac Telephone Company of Baltimore City. To avoid delays of appraisal, it used the price index method, which seemed particularly appropriate under the special circumstances. The properties had been previously valued as of December 31, 1923, at $29,500,000—which had been fixed by the federal district court by use of a 1916 appraisal and *application of index numbers,* with adjustments for additions and retirements between 1916 and 1923. In the present case the commission started with the 1923 valuation as found by the district court, and converted the amount to an equivalent present sum by application of price index ratio. Similarly it recomputed subsequent annual additions into equivalent present-day investments, and likewise adjusted the depreciation reserve to reflect present dollar values. By this method it found a total average rate base of $32,621,190 for the year 1933, including an allowance of $660,863 for working capital.

This valuation was rejected by the federal district court because of use of index numbers—which had been used by that court in 1923. The district court now used instead essentially actual cost, less depreciation reserve, without giving effect to the lower level of prices—the general method used by the commission in 1923 and then rejected by that court. The court's new valuation for 1933 was

$39,541,921, compared with the commission's figure of $32,621,190. The court enjoined the rates ordered by the commission, and the latter appealed to the Supreme Court for basic decision.

INDEX NUMBERS BEFORE THE SUPREME COURT

The specific question at issue was the use of price index numbers in the determination of fair value. Could this be derived by starting either with actual cost or with previous valuation, and by applying price index ratios to establish equivalent sums at the time of the new valuation?

While this question had not been answered explicitly, reasonable interpretation indicated the acceptability of the index number method. Its acceptability was supplemented by the force of circumstances when prices had fallen greatly, and when the need of prompt rate adjustments seemed obvious. In the particular case it seemed especially appropriate, inasmuch as it had been used earlier by the district court itself in dealing with the same commission and company. There was only one substantial difference, that in the previous case index numbers produced greater while now they resulted in lower figures than actual cost of the properties.

The index number issue was met squarely by the Supreme Court in the present case. After reviewing the facts and arguments, it sustained the injunction issued by the district court, though it rejected the latter's valuation as well as that of the commission. The decision rested upon the *methods used* rather than the *basic equity of the results*. This indicates distinct reversal from previous trends, which emphasized *results* rather than *methods*. In the Los Angeles Gas and Electric case (289 U. S. 287, pp. 304, 305), Chief Justice Hughes, then speaking for the majority, stated:

> We do not sit as a board of revision, but to enforce constitutional rights. *San Diego Land & Town Co. v. Jasper, 189* U. S. 423, 446. The legislative discretion implied in the rate making power necessarily extends to the entire legislative process, embracing the method used in reaching the legislative determination as well as that determination itself. We are not concerned with either, so long as constitutional limitations are not transgressed. When the legislative method is disclosed, it may have a definite bearing upon the validity of the result reached, but the judicial function does not go beyond the decision of the constitutional question. That question is whether the rates as fixed are confiscatory. *And upon that question the complainant has the burden of proof and the court may not interfere with the exercise of the state's authority unless confiscation is clearly established.* (Italics ours)

REVERSAL OF TRENDS

This language seems explicit that the court was then concerned with results, not methods. Furthermore, the decision and opinion in that case made very clear that the burden of proof to show confiscation rests upon the company, and that the fact of confiscation must be definitely established before the court would find rates fixed by legislative process invalid. The same general position, though less precisely stated, has appeared also in other cases.

In the present instance there was no proof that the results *per se* were confiscatory. There had been no physical appraisal made either by the company or by the commission, though limited appraisal checks had been presented by the company. What the court disapproved was not specifically the valuation found by the commission on the ground that it was confiscatory, but rather that the method was wrong. Similarly it ruled against the finding of the district court, not because the results were intrinsically inappropriate, but because the method was invalid. The decision therefore indicates that the commissions must pay primary attention to methods and procedure if their orders are to pass judicial muster.

Physical appraisal appears to be the exclusive method for the fixing of fair value. This evidently cannot be reached by book cost less depreciation, nor book cost adjusted to change in price level. It can be ascertained, it seems, only by starting with properties that exist at the particular time of inquiry, and by applying new unit costs under then existing conditions. This presumably requires consideration of prevailing cost of labor and materials and modern methods of construction, but not necessarily so; other factors may be included. While the primary requisite is appraisal, yet its specific cost content and its concrete steps of determination are left as uncertain as they had been before. The presumption appears that the appraisal process by itself is exact as to quantitative result, but the minority opinion by Mr. Justice Stone shows the non-tenability of such conception. If fair value is deemed to be something fair in itself, the process of appraisal certainly furnishes no exact standard of its reasonable ascertainment.

ADDS TO DIFFICULTIES OF REGULATION

The decision appears not only as reversal of previous trends which were concerned with results instead of methods, but will add to the difficulties of future rate control, and will probably stand in the way of reasonable readjustment of the system of regulation so that it can be halfway satisfactorily administered.

Realistically considered, the decision hastens the doom of regulation. While, of course, under favorable circumstances physical appraisal can be managed without the extreme elaboration, delays, and costs that have been perpetrated in the past, under most circumstances they are not practically manageable and produce defeat of regulation. In most instances the commissions simply fail to function. Only in cases of special public pressure will rate cases be undertaken, and then only under super-exceptional conditions will the public side of appraisal be halfway adequately prepared and presented. For the most part regulation will go by default.

Effective regulation from the public standpoint depends upon positive standards and definite facts of record employed continuously in systematic day-by-day control. Special physical appraisals are bound to defeat the public interest. This has been amply demonstrated by a quarter century of largely futile effort of public regulation. The only chance of bringing about satisfactory results is by using methods based upon record facts and systematic administration, and this appears to be precluded by the present decision.

STIMULUS TO PUBLIC OWNERSHIP

There is, perhaps, this consolation, that the decision will bring the requisites of effective public control and policy more clearly for consideration. With the tremendous discontent with utilities, the decision may lead to more positive legislative action, and particularly stimulate progress of public ownership and operation. If this proves to be the consequence, those concerned with public interest might well enthuse rather than bewail the decision.

As a long run policy, it is difficult to see how vital public functions can be organized privately and then kept to proper public objectives through superimposed methods of public control. Under most favorable circumstances and most satisfactory system of administration, there is still such inherent conflict between private and public interest that regulation is likely to be diverted from public purpose to aims of private profit. Such conflict of interest

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County Officials and Efficiency in Government

A study of the qualifications of Montana county officials based on their public and occupational training and experience, education, etc.

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Efficient county administration requires well qualified and experienced administrative officers. However, with the selection of county officers by popular vote, with no requirements as to special training and experience, coupled with short terms of office, it is questionable if it is possible as a rule to secure such county officers—at least it does not appear to be the usual experience in Montana.

The following officers are required by law to be elected in Montana counties: assessor, district court clerk, county attorney, commissioners, clerk and recorder, sheriff, treasurer, superintendent of schools, surveyor, coroner, and public administrator. In addition to these eleven officers an auditor must be elected in the larger counties (those with $15,000,000 or more of taxable value). Justices of the peace also may be elected, usually two each for every incorporated township in the county. County commissioners (three for each county) are elected for six-year terms, district court clerks for four years, and the remaining officers for two years. The board of county commissioners is the policy-forming body, supposedly, but it has virtually no supervisory powers over the other county officers, all of whom are elected by popular vote while their duties are quite definitely outlined by the state legislature. Consequently, there is no effective coördinating head and the different officers are quite independent in the administration of their offices. Under such a system it is especially imperative that well qualified individuals be elected to each office if there is to be a high general level of administrative efficiency in the county.

With the exception of three offices: namely, the county attorney, the surveyor, and the superintendent of schools,[1] the only requirements which individuals must meet to be eligible to hold county office in Montana are: (1) They must have reached their twenty-first birthday, (2) be a citizen of the state, and (3) be a voter in the county in which the duties of the office are to be exercised. A questionnaire was sent to all of the 832 elected Montana county officers (all of those listed above with the exception of public administrators which office is of very minor importance) to determine their actual training and experience for the county work. Five hundred and ninety-seven or approximately three-fourths of these officers replied giving their training, experience, education, age, and other requested information.

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[1] A candidate to be eligible for the office of county attorney must have been admitted to practice law in the Supreme Court of Montana. To be eligible for the office of superintendent of schools a candidate must hold a state teaching certificate and have had at least three years of successful experience as a teacher, principal or superintendent of public schools. A candidate to be eligible for the office of surveyor must be a professional engineer who has been in active practice of his profession for at least three years, and who has had responsible charge of work as principal or assistant for at least one year. Graduation from a school of engineering is considered as equivalent to two years of active practice.

PUBLIC OFFICE TRAINING AND EXPERIENCE

Two-thirds of all those reporting had no previous county office experience whatever, either as an officer, deputy, clerk, stenographer, or part-time assistant. Three-fourths had no previous experience as deputy in the office and only 17 per cent had two years or more of experience as deputy in a related county office,[2] and only 7 per cent had two years or more experience in such office. Nearly three-fourths of the assessors and surveyors, four-fifths of the county attorneys, two-thirds of the auditors, clerk and recorders and treasurers, nearly nine-tenths of the clerks of court, coroners, and superintendents of schools, and about three-fifths of the sheriffs had no previous experience as deputy in the office.[3] Again we find that while one-fourth of the assessors and one-third of the clerk and recorders, auditors, and treasurers had some experience as deputy, yet more than half (55 per cent) of the assessors, 43 per cent of the treasurers, and 42 per cent of the clerk and recorders and auditors had no experience whatever for these important offices. (These four offices handle virtually the entire work of assessing and collecting taxes and all of the bookkeeping and recording work incident to the receipt and expenditure of county and trust and agency funds.)

Three-fourths of those replying held no other public offices prior to their election to their present office. One-tenth had held some city office, about the same number had held some county office, 6 per cent had served as school trustees, and 3 per cent had held a state office or were members of the state legislature prior to their election to their present county office. (Some county officers held more than one public office prior to election to their present position.) None of the auditors or superintendents of schools, only one-fourth of the treasurers, clerks of court, clerk and recorders, sheriffs, and justices of the peace, one-third of the assessors and commissioners, and two-fifths of the county attorneys held any public office prior to election to their present office.

OCCUPATIONAL TRAINING AND EXPERIENCE

Nearly three-fifths (57 per cent) of all those reporting had no previous clerical experience of any kind; 11 per cent had previous experience as a railroad or bank clerk, accountant or abstractor; 8 per cent had previous experience as a wholesale or retail merchandising clerk; and 24 per cent had miscellaneous clerical experience. Approximately one-third of the clerk and recorders, auditors, clerks of court, and treasurers, and two-fifths of the assessors had no clerical experience of any kind prior to their election.

Almost two-thirds (62 per cent) of all officers reporting had no previous bookkeeping experience of any kind. One-tenth had some bookkeeping experience in mercantile and other business enterprises, and the balance (28 per cent) had bookkeeping experience in banks, railroad offices, etc. More than half the auditors and assessors, two-fifths of the clerks of court, and one-fourth of the clerk and recorders and treasurers had no bookkeeping experience of any kind prior to their election to these offices.

Nearly half (44 per cent) of all those reporting had no business experience of any kind prior to election to their present office; 16 per cent had general merchandising or store experience; 7 per cent had business experience in real estate, banking, loan companies, insurance, or the practice of law; 5 per cent were farmers; and 28 per cent had miscellaneous business experience. More than nine-tenths of the superintendents of schools, two-thirds of the clerk and recorders, more than one-half of the assessors, treasurers, and clerks of court, two-fifths of the sheriffs, one-third of the county attorneys, auditors, and surveyors, one-fourth of the justices of the peace, and one-sixth of the coroners had no previous business experience. More than one-fourth of the commissioners, the policy-forming branch of county government, had no business experience of any kind prior to taking over the directing of the business of the county.

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[2] Officers within the two following groups are considered related in that their clerical duties are somewhat similar or deal with the same type of material: Group I, assessor, clerk and recorder, treasurer and auditor; Group II, sheriff, clerk of court, attorney and justice of the peace.

[3] The offices of commissioner and justice of the peace do not have deputies.

AGE AND EDUCATION

Nearly one-third of the 597 county officers reporting were 50 years old or over when first elected to their present office, while 12 per cent were less than 30 years old and 13 per cent were 60 years old or over. Two-thirds of the justices of the peace, over half of the commissioners, one-third of the assessors, one-fourth of the clerk and recorders, clerks of court, coroners, sheriffs, surveyors, and treasurers, one-eighth of the attorneys, and one-twentieth of the superintendents of schools were 50 years old or over when first elected to their present office. Only two-fifths of all those reporting were under 40 years of age when first elected to their office. In view of the fact that two-thirds of all those reporting had no county office experience of any kind prior to election to their present office, it would seem that the majority of county officers are individuals who enter the profession of county administration late in life without having served a prior period of apprenticeship or training in even similar types of work.

Nearly half (49 per cent) of all those reporting did not finish high school, 6 per cent did not finish grade school, while 16 per cent had at least 4 years of college. Less than one-fourth of the sheriffs and justices of the peace, less than one-third of the assessors and commissioners, and about half of the clerk and recorders and treasurers finished high school, while 2 per cent of the assessors, 4 per cent of the justices of the peace, 5 per cent of the commissioners, 6 per cent of the clerks of court, 8 per cent of the clerk and recorders, and 9 per cent of the treasurers had 4 years or more of college.

In the three county offices in which special qualifications are required: county attorney, superintendent of schools, and surveyor, the officers lacked the experience necessary for most efficient operation of these offices. Only one-third of the county attorneys reporting had considerable legal experience prior to their election to office. The county superintendents of schools, on the average, have considerable teaching experience and education but have little clerical and financial training or experience required for efficient management of the office. More than two-thirds of the superintendents reporting had 6 years or more of teaching experience, but less than one-fifth had any previous clerical or bookkeeping experience. Nearly two-thirds of the surveyors listed themselves as engineers but only about one-fourth had any considerable engineering experience. The law does not specify whether the aspirant for county surveyor must be a civil, mechanical or any other type of engineer. It merely requires that he be a professional engineer and he may have as little as one year of active practice to be eligible to do the engineering work of the county.

RATE OF TURNOVER IN ADMINISTRATION

Short terms of office are a large factor in the lack of training and experience of Montana county officers. With the exception of commissioners (6 years) and clerks of court (4 years) the length of term in Montana is 2 years. This short term with a system of selection by popular vote seems to make for a high rate of turnover in these offices, which in turn results in inefficiency due to the frequent induction of inexperienced men into office. The length of service for all county officers in Montana during the twenty-two-year period 1912 to 1934 averaged 4.86 years or approximately two terms. More than a third of all officers served two years or less in office and another third served between two and four years. Assessors averaged more terms in office than any other officers with about three terms, while commissioners averaged the least with but approximately one term.

IMPROVEMENT OF PERSONNEL

The preceding facts indicate that the majority of Montana county officers are not well qualified to handle the duties of their office. These officers, however, are entrusted with nearly $30,000,000 of taxpayers' money annually, and these taxpayers have it in their power to secure higher standards for qualifications to hold these offices if they so desire. Is it not fair to assume that administrative efficiency would be increased considerably by raising the required qualifications and training to hold these offices?

These standards for qualifications to hold county office can be raised by action of state legislatures and the qualifications required can be stipulated in the law. However, such standards are not likely to be very high and by their very nature must be rather general in form. The present special qualifications required for the three offices of county attorney, superintendent of schools, and surveyor are good examples of this. A more effective means of raising standards is to require all candidates for office to be examined by a state civil service commission. Grades given in such examinations could be based on a written examination, a record of experience and training, and, for some offices, a personal interview. Minimum passing grades could be established for each office and all candidates required to obtain such grades or better before being allowed to file their candidacy.

The arrangement above would help to insure properly qualified people for the county offices, but it would not eliminate the necessity of the officer's securing a favorable vote every other year as is now the case with all but two Montana county offices. The direct cost of elections every two years averages about a tenth of total county administrative costs in Montana. In addition to its expensiveness, is there any assurance that the best qualified and experienced will continue in office under this system?

Of course, the most far-reaching improvement in county government generally would be the adoption of a central executive plan of administration such as the county manager. But even under such a plan the appointment of the administrative personnel should be on a civil service test basis. However, until such a complete reorganization of county government is effected the feasibility of making less complete changes should not be overlooked. One such change is to increase the terms of office to at least four years where the terms are now only two years, and require all candidates for office to take a civil service examination.

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More Libraries for City Halls

Effective publicity and support needed to bring a resurgence of the municipal reference library movement

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1900: Charles McCarthy was hatching a new idea, a quick-action library. His "clipping bureau", at first gratuitously housed in the attic of the old Wisconsin State House, drew increasing patronage until in 1902 the legislators voted an appropriation making the library the first state legislative reference bureau in the United States. 1900: Carter H. Harrison, Jr., mayor of Chicago, persuaded the city council to vote a small sum for a bureau of statistics and municipal library. In 1913 this bureau became the Chicago Municipal Reference Library. Thus, a new century was ushered in and with it the "progressive" spirit which believed that government should be based on facts. The municipal reference library was one of the practical illustrations of this belief. It was a development spaced to a large extent in the half-decade between 1908 and 1913.

The municipal reference library movement illustrated also how the leadership of a few individuals gathered in a single organization can bring about a national contribution to progress. In November 1908, at the Pittsburgh meeting of the National Municipal League, Dr. McCarthy read a paper setting forth the municipal reference library idea. This paper had been prepared at the request of the League, primarily to be delivered to the American Library Association. There were no municipal reference libraries as such in the United States at that time. For an example of the specific type of agency he was advocating, Dr. McCarthy had to refer to a German innovation. He cited the success of the central library bureau which Berlin had set up on April 1, 1906, to serve the *Stadetag* of that city. Why not apply to city government the legislative reference library idea which a number of states had been utilizing for some years?

In 1908 four cities in the United States had similar services, mainly as bureaus of municipal statistics—Baltimore, Boston, Chicago, and Milwaukee. The Baltimore bureau corresponded closely to the municipal reference library plan but it was then as it is now a service for both the state legislature and the city government. It had by this time had almost two years of success under Dr. Horace E. Flack, as portrayed by him in the paper which he read, also to the Pittsburgh meeting of the League.

As a result of these two papers, the National Municipal League appointed a committee on municipal libraries and archives, on which were represented state libraries, bureaus of municipal research, and political scientists. Dr. McCarthy was a member; Dr. Flack was made chairman. To the 1910 meeting in Buffalo, Dr. Flack reported for his committee that they had made a survey of public libraries in cities over

50,000 in population, as to the need for municipal reference services. The response was unanimously in the affirmative, as to the need. But only three cities were found with purely municipal reference libraries maintained at public expense—Baltimore, Milwaukee, and Kansas City. Minneapolis was found to have a municipal reference section in the public library; the finance committee in Boston, a bureau of municipal research; Newark, New Jersey, a politically-minded bureau of statistics and information. These agencies plus the bureau in Chicago, mentioned above, were the only attempts being made to meet the unanimous need. The committee concluded its report with a set of recommendations which became the standard qualifications for municipal reference libraries.

Copies of this report were sent to the mayors and public libraries of the larger cities of the United States with letters calling attention to the importance of the subject. In less than two years municipal reference libraries were set up in New York, Chicago, Philadelphia, St. Louis, Portland (Oregon), Oakland, and Toronto. The new libraries were organized in keeping with the recommendations of the committee, that is, they were placed under the supervision of the public library but located physically in the city hall, with trained, nonpolitical librarians in charge. The Milwaukee ordinance also was amended during this period so as to conform with the committee's recommendations.

Dr. Earl W. Crecraft wrote an article for the second volume of the NATIONAL MUNICIPAL REVIEW which summarized the progress made up to 1913. During 1913 the activities of the League's committee comprised the writing of letters to the mayors of one hundred and twenty-five cities, enclosing Dr. Crecraft's article and emphasizing again the need for reference services. As a result, by November 1913, the committee was able in its report to add to the list of municipal reference library cities, Cleveland, Cincinnati, and Pittsburgh, and note that similar work was being done in Grand Rapids, Michigan, and Fort Wayne, Indiana, as well as in Boston and Newark, already cited.

MOVEMENT LAGS

Dr. Flack left the chairmanship of the committee after 1914. Attention shifted to the need for a central clearing house for municipal reference libraries. The movement for city reference services slackened. Its impetus was entirely spent by 1917. Only two new units were opened up after the war. A municipal reference library was given space in the new city hall in Los Angeles in 1928; in 1929 the Queens Borough Public Library set up a short-lived business and municipal library.

Compared with the spread of the bureau of research, the municipal and state reference library movement has indeed waned. During the period from 1916 to 1930, within which there were established only one state and two city reference libraries, the privately-supported bureau of research had its greatest growth. Forty-eight municipal, county, state, and national bureaus were organized, as compared to fifteen established prior to 1916.[1]

Now, is the governmentally supported reference library to be totally submerged, to give way to the privately organized bureau interested in governmental improvement? Such a conclusion would be unwarranted. In the first place, the municipal reference library and the bureau of municipal research are complementary rather than mutually exclusive. They serve different functions. Secondly, the municipal reference libraries have become well-nigh indispensable to their patron cities.[2] The cities having municipal reference bureaus are the largest in the country; the eight largest cities in the United States all have municipal reference libraries. Thirdly, the failure of the city library bureaus to multiply in recent years can hardly be said to be due to any intrinsic shortcoming of the library plan itself. This failure may rather be explained as part of the general neglect of American cities to avail themselves of staff services of any variety.

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[1] Leonard D. White, Trends in Public Administration, New York, McGraw-Hill, 1933, p. 312.

ORGANIZATION

There have been twenty-one agencies in the United States, one in Canada, and one in Hawaii that may be classed as municipal reference libraries or equivalents. According to the standard form, the municipal reference library is organized as a branch of the public library but is located in the city hall. Without attempting to make categorical distinctions, it may be pointed out that several city reference collections are simply divisions of the public library, housed in the library building, Portland, Oregon, for example. Some are not segregated as service for city government alone but are arranged for a broader field and called "business and municipal branches" and are not located in the city hall. Minneapolis has such an arrangement. A few reference agencies are organized on an independent basis distinct from the public library system. Chicago's reference library is supervised by the city council; Toledo has a reference collection located in the office of the Commission of Publicity and Efficiency; and Baltimore has the Department of Legislative and Municipal Information set up as a separate unit, although housed in the city hall. Cincinnati has two municipal reference offices, one in the city hall, the other in the University library. New York's Municipal Reference Library has a branch in the Public Health Department, outside the municipal building. Los Angeles has three municipal reference units: power and light, and public health branches in addition to the city hall office.

Internally, the typical municipal reference library is organized under the direction of a municipal reference librarian. An outstanding exception is the Cincinnati Municipal Reference Bureau which is under both a director furnished by the University of Cincinnati, a municipal university, and a librarian paid by the city. No such thing as a typical library exists so far as size of staff employed and the budget appropriated are concerned. The smaller libraries are operated by one person, the librarian; the largest reference library, that of New York City, has a staff of eleven persons. A common phenomenon is the part-time assistant. Budgets correspondingly vary from eighteen hundred to twenty-five thousand dollars; in fact, since the depression, some budgets are expressed in hundreds only.

The personnel employed in the municipal reference libraries in the United States are college people, library-trained and experienced. Salaries are comparatively low; the librarian gets as little as $1575 and seldom as much as four thousand a year. Emphasis should be placed on the non-political character of municipal reference libraries.

ACTIVITIES AND FUNCTIONS

Now for the important question: what does the municipal reference library do? This question is worth asking for the answer is not nearly so obvious as it seems. Libraries, by definition, store books. So do municipal reference libraries but the storing of books is neither the only nor the most important function of the reference bureau. At least half a dozen additional functions are characteristic of municipal reference service:

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[2] Not without battle, however. Citing only one of several examples: on January 1, 1916, the mayor and council of Oakland, California, abolished the city's reference library as "useless". So many protests poured in against this action that the first appropriation voted after the incident was money to continue the library.

1. City reference libraries maintain classified collections of all sorts of materials relevant to city government; this is their original function. One may presume that the early collections were started by simply bringing together in one place all the books and papers that the library possessed on the subject of city government and administration. Today some of these collections have reached a tremendous size. Chicago boasts of more than 160,000 books and pamphlets in the municipal reference library; Milwaukee has approximately forty thousand pamphlets, six thousand books, and thousands of newspaper and periodical clippings; Los Angeles totals almost fifty thousand pieces in its three reference units.

The councilman, department head, junior clerk, women's club chairman, and citizen come in, consult the card catalog, ask questions of the librarian, and refer to a "Who's Who in Government", William B. Munro's "Government of American Cities", a treatise on epidemiology, a map of the city of fifty years ago, or scan all the newspaper comment on a current city controversy.

Special attention should be called to the transitory nature of much of the material in the municipal and administration field. It is here today but impossible to find tomorrow. The supposedly simple "library" job of the municipal bureau may be quite complicated and difficult. If no one is specifically designated to pick up these elusive materials as they issue from the printing presses, mimeographing machines and typewriters of the nation, they are apt to be lost to the city for good so far as future reference is concerned.

2. A second function of the municipal reference library is to serve as the city's archives. Not only the publications of the city and all of its departments and divisions but those of its civic organizations, local history and biography, maps, pictures and charts of local interest, reports, proceedings, and special studies, even committee minutes and departmental audits are classified and filed away for safekeeping and future reference.

Certain specialized forms of records have found the municipal reference library especially useful as a depository. Who keeps up the city's ordinance file from day to day, with minute index and a detailed card file? The city clerk may perform the perfunctory and legal requirements; but this in many cases is mere record-keeping. It is the municipal reference library which has proved to be the place where the city officials and citizens can find ordinances by subject and as most lately amended. The statutes of the state legislature, bills pending during a current session, and other material of such character is made available in most of the municipal reference libraries.

Another labor-saving activity of the municipal reference libraries, that has been on occasion embarrassment-saving as well, is the handling of requests to read minutes of meetings, of the city council, city commissions, and other official bodies. If the reference library is recognized as the central depository then most of this type of activity can be handled by the library.

3. As the central depository for the city, the municipal reference library may very well act as the information bureau, intelligence unit and exchange agency for the city. The street cleaning division devises a new districting

plan of operation; a city engineer invents a new device for cleaning out catch basins; the city council passes a forward-looking ordinance regulating the sale of liquor. The nation outside the city wants to know about these innovations. Is the street cleaning division equipped to handle these requests? Probably it is not. The municipal reference library as the central archives is better able to handle almost any type of inquiry; it may even have a booklet struck off on a particular subject if the queries come in in very large numbers.

Any one city's papers, classified and made available by its municipal reference library, become a veritable gold mine of inexpensive, vicarious experience for other cities with similar problems. This feature of municipal reference was recognized early. Plank number six in the recommendations of the League's Committee on Municipal Libraries and Archives was that the municipal reference library be an agency for the exchange of municipal documents. The effort made from 1915 on to have established a national clearing house for municipal information, again stressed the significance of the exchange system, which is made possible only by the consolidation of all archives in one place in the city. Through exchange of information, progress made by one community becomes the potential progress of every other city, that is, if it has an agency equipped to handle the exchange of information.

4. Most municipal reference libraries act as an intelligence unit for citizens and citizens' groups. The recommendation of the League's committee stressed the point that though the reference services were to be performed primarily for the city official, great service could be rendered to citizens interested in their government, especially those citizens organized in social, civic, and improvement associations, not to mention that all-too-pervasive influence ironically referred to as "the press".

Several municipal reference libraries make special efforts to serve students. The fullest development along this line apparently is to be found in Cincinnati, as one would expect from the close relationship between the Municipal Reference Bureau and the university. The university offices of the bureau serve students and faculty almost exclusively. In addition, students in training for the public service, many of them with jobs in the city government, use the reference bureau as a sort of headquarters in the city hall. Special attention in several of the municipal libraries is paid to the problems of the applicant for civil service examinations. Sample examinations are kept on file and made available on request, as is other material helpful to the prospective examinee.

Many of the municipal reference libraries do not wait for inquiries to come in but assume the initiative in getting materials disseminated among those persons who can profit from the materials. Periodicals constitute a special problem along this line because of the large number and the diversity of the professional, technical, and trade journals which are pertinent to the municipal field. These periodicals are more than just made available. The municipal reference library will call important articles to the attention of the persons known to be concerned. Most of the libraries clip periodicals as they do newspapers and file the clippings by subject. Abstracts of articles are prepared and circulated periodically. Other materials, especially those of pamphlet form, may be handled in the same way as periodical material. Bulletins of recent acquisitions and monthly check lists are not unusual publications. The Municipal Reference Library of Los

Angeles has a section to itself in the monthly magazine of the City Employees Association.

5. In a few cities the information and intelligence activity is followed through to its logical conclusion. The municipal reference bureau prepares the city's annual report. As the central depository of information, as the object of the questions of the citizens, the municipal reference library is in a good position to point out the year's achievements. Milwaukee has regularly used the reference library to compile the annual report of the city. The Municipal Year Book of the City of New York for 1915 and 1916 was compiled by Dr. C. C. Williamson, municipal reference librarian, in coöperation with the city departments and county officials. After a twenty year interval it appears that the municipal reference library is again preparing the year book, at the request of Mayor LaGuardia. Other examples might be cited.

6. The drafting of ordinances was naturally thought to be one of the primary activities of the municipal reference library, in keeping with the analogy of the state reference and bill drafting bureaus. The League committee included this work in its recommendations. Nevertheless, few of the city reference libraries today carry on this activity. The Baltimore department of reference does, no doubt because of the special combination of the state and city service there. Milwaukee reports not only a regular ordinance drafting service but also the rendering of assistance in drafting reports and communications that require a specific or special terminology. Cincinnati drafts ordinances on occasion when especially requested to do so. Chicago's librarian, a veteran of thirty years of municipal reference experience, also occasionally does drafting work.

FURTHER SERVICES

7. Proceeding further, we find services that the casual inquirer would hardly expect to find rendered by reference libraries. These are the services of compilation, investigation, and, yes, even research and consultation on matters of municipal policy. It is significant that among the recommendations of the League committee is the provision not only that the head of the library should be appointed on non-political, merit basis but also that the head should in addition to a liberal education have had special training in political science, economics, municipal government, and the methods of organization and administration. In keeping with the recommendations above the Milwaukee ordinance reorganizing the municipal reference department in 1911 provided that the librarian "shall be an expert in political science, political economy, and statistics". These qualifications certainly imply more than mere library work for the librarian. And such is found to be the fact. We find, for example, quoting from the 1934 report of the Cincinnati bureau, that for the five-year period from 1930 to 1934 annually from three to five thousand abstracts of material on municipal government were prepared and sent out, at the rate of several sets a month. A dozen or more exhaustive bibliographies have been prepared yearly to enable inquiring officials to know the extent of the available information on a particular subject, such as the care of transients, off-street parking of motor vehicles, etc., etc. Further, brief reports and statements of salient points have frequently been prepared on subjects too extensive to be quickly digested by busy officials.

CONCLUSIONS

The municipal reference library may not be a production unit but it does produce savings that can be definitely as well as indeterminably valuable. Every bureau has its own favorite story of how one specific service of the library saved the city many times the library's annual appropriation.

Consequently our conclusion must be that the whole municipal reference library idea is in need of greater and more effective publicity and support. The users of the library do not have to be sold on its worth but the non-users do. The nature of the service of the municipal reference library is personal. It is indirect so far as the results achieved are concerned. The library does not appear on the battle line to claim the medals that are passed out when the fighting is over. It cannot by its nature blow its own horn. So its friends must do the shouting. Strong language and constant reiteration is necessary to protect the libraries in existence and to encourage the installation of new ones. Publicity is needed so that there may be a resurgence of the municipal reference library movement.

SUPREME COURT LIMITS PUBLIC UTILITY VALUATIONS

(Continued from Page 443)

can be satisfactorily eliminated only if public functions are also organized publicly, doing away with private perversion, also with technical judicial decisions regarding public and private interest.

If the decision hastens the conversion of the present private utility systems under ineffectual public control to outright public organization, it will stand as a progressive measure, notwithstanding its immediately reactionary significance. For the moment, however, those interested in clarity and effectiveness of public policy and administration are bound to feel deep disappointment. They may glean satisfaction from the minority opinion by Mr. Justice Stone, joined in by Justices Brandeis and Cardozo. This is an exceptionally clear and penetrating analysis, both with respect to fundamental law and economic actualities. It should have been the majority opinion, if only Chief Justice Hughes and Judge Roberts had adhered to progressive views which they had supported in other important decisions of a divided court. One must confess difficulty in reconciling the spirit and words of Chief Justice Hughes in the majority opinon in the Los Angeles Gas and Electric case in which Mr. Justice Roberts joined, with the present majority opinion written by Judge Roberts and joined in by Chief Justice Hughes.

LEAGUE'S BUSINESS

(Continued from Page 420)

American Association for Scientific Taxation, Inc.; Harold S. Buttenheim, Editor, *The American City Magazine.*

August 20.—"Who Gets the Tax Money?" John N. Edy, Assistant Budget Director of the United States.

August 27.—"Processing Tax." William Hard, Publicist.

September 3.—"Sales Tax—Pro and Con." Henry F. Long, Commissioner of Corporations and Taxation, Massachusetts; and Daniel Bloomfield, Manager, Retail Trade Board of Boston.

September 10.—"Federal Taxation and Business Recovery." Frank R. Kent, Vice President, *The Baltimore Sun.*

* * *

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Howard P. Jones, *Secretary*

NATIONAL MUNICIPAL REVIEW

SEPTEMBER • 1935

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THE LEAGUE'S BUSINESS

The League's Convention.—A significant program is being planned for the League's annual conference, to be held this year in Providence, November 25 and 26. If you haven't already done so, *set those dates aside* on your calendar. You will want to be there. Next month's REVIEW will carry the program.

* * *

New Radio Broadcasts Devoted to Planning.—YOU AND YOUR GOVERNMENT radio broadcasts, series XII, will be devoted to the timely subject "Planning." The American Planning and Civic Association is coöperating with the Committee on Civic Education by Radio and the National Municipal League in their presentation. The new series will be on the air over a nation-wide network of the National Broadcasting Company each Tuesday evening at 7.45 eastern standard time, beginning October 1. Copies of the entire program may be secured without charge from the National Municipal League, which will also continue to publish each broadcast on its presentation. The broadcasts may be secured from the League at fifteen cents each, the entire series at two dollars.

The remaining broadcasts in Series XI of YOU AND YOUR GOVERNMENT programs on "Taxation for Prosperity," together with the first programs on "Planning," are given below:

September 17—"Coördinated Tax Administration." John G. Winant, former Governor of New Hampshire; Chairman, Social Security Board.

September 24—"Harmonizing the Tax System." Fred R. Fairchild, Professor of Political Economy, Yale University.

October 1—"A Plan for the Nation." Frederic A. Delano, Chairman, National Resources Board, and President, American Planning and Civic Association.

October 8—"Limitations of Planning." David P. Barrows, Professor and Former President, University of California.

October 15—"The Best Use of the Land." M. L. Wilson, Chairman, Land Planning Committee, National Resources Board.

October 22—"The Economic Value of American Scenery." Horace M. Albright, Former Director, National Park Service, and Second Vice-President, American Planning and Civic Association.

October 29—"Head Waters and Other Little Waters." Morris Llewellyn Cooke, Administrator, Rural Electrification Administration.

* * *

New Honors for Our President.—Dr. Harold W. Dodds, the League's President and President of Princeton University, has recently been elected a director of the Prudential Insurance Company of America.

* * *

Citizens' Council Section.—Plans are developing for the organization of a Citizens' Council Section of the National Municipal League, in which will be federated citizens' councils and other local citizen groups throughout the country.

* * *

An Appreciated Bouquet.—Professor J. T. Salter, professor of political science at the University of Wisconsin, and author of "Boss Rule," has recently written us that: "This summer I have about thirty students studying city government, and we are using the charter of the National Municipal League, and next fall I plan to use the REVIEW in connection with my municipal government course. If a teacher tries to keep in touch with what is going on in the municipal field, I do not see how he can get along without your most excellent REVIEW."

HOWARD P. JONES, *Secretary*

Editorial Comment
❖
September

NATIONAL MUNICIPAL REVIEW

Vol. XXIV, No. 9 Total No. 231

County Home Rule for New York

From the standpoint of those who have been working for better government in New York State, the proposed county home rule amendment to the constitution which will go to the voters at the November election represents the realization of dreams. It will remove all the constitutional obstacles to reorganization of local government in New York State which have so long stood as a barricade against improvement in structure or administration. Its significance can hardly be over-estimated.

New Yorkers who wish to see the amendment passed, however, must appreciate they still have a big job before them. Victory is in sight, but before it can be won a great deal of hard work must be put in. The amendment is beneficial both to up-state New York and to New York City but at the present writing relatively few of the citizens who will go to the polls in November ever heard of the amendment, much less understanding the effect of its provisions. And, as is the case with any improvement in government, the amendment will be opposed by certain political groups interested primarily in control through patronage.

In reality the amendment is two amendments in one. The first part applies to counties outside New York City; the second, to counties within New York City.

The important points in Part I are:

1. The legislature must submit to voters of every county in the state alternative forms of county government for them to choose the form they think best suited to their own locality.

2. In order to safeguard the rights of minorities of citizens who live in rural areas, any form must be adopted by (a) a majority of the number of those voting on the proposition within the whole county; (b) a majority of the number of those voting on the proposition in any city containing more than 25 per cent of the population of the county; and (c) a majority of the number of those voting on the proposition who live outside such city or cities but within the county.

3. After adoption of any form of government, the legislature is definitely prohibited from interfering by special act in the affairs of the county except on an emergency message from the governor and a two-thirds vote in the legislature. If the act changes the form of government or touches an elective office, a popular referendum in the county concerned also is required.

The important points in Part II (which affects New York City only) are these:

1. The City of New York is given power by local law to abolish any county office within the city except that of judge, county clerk, and district attorney. The functions of any office to be abolished may be assigned to any other existing office in the city or to the county clerk or to the courts.

2. After action by the city with respect to any county office, the legislature may not again interfere except on emergency message from the governor and a two-thirds vote.

From the standpoint of honest objectors, there is only one section in the amendment that has given rise to any serious controversy. Under the split referendum it might be possible for a small minority to defeat the wishes of a large majority. On the other hand, the amendment may be defended on the ground of preserving the rights of these minorities to the kind of local self-government they prefer.

No other criticism is heard of the amendment. True, there is no provision in the amendment for local initiative but this is deliberate, on the ground that since the county is primarily an agent of the state, a reasonable uniformity should be preserved in county government that would not be possible if every county could have a different kind of charter.

All in all, the amendment offers a tremendous opportunity for constructive reorganization of local government and the only real opportunity New York State has had since the constitutional convention of 1915.

The Case of Mr. Nahoum

Albert Nahoum, thirty-five-year-old American citizen, married and the father of four children, applied recently to the supreme court of Brooklyn, N. Y., to have his relief allowance raised. He cannot take care of his family on $60.50 a month when half of it must be paid as rent on his four-room apartment and he wanted the court to mandamus the city to increase his allowance. The judge reserved decision but indicated he would refuse to grant the order.

The case of Mr. Nahoum is interesting for a number of reasons. First, it raises the question which others have raised before—are relief allowances sufficient to live on? A dollar a day to feed six persons, pay for gas and electricity, as well as all the other incidentals of living. Not exactly a pleasant prospect to contemplate, is it? But where would the money come from to pay more?

The second question Mr. Nahoum's case raises is the extent to which the courts should become involved in a matter of this kind. The courts represent justice to Mr. Nahoum. Should the court let its human sympathies prevail and come to the rescue of the Nahoum family, there would shortly be hundreds of thousands of Nahoums applying to courts for aid. No, the problem of relief cannot be solved by judicial decree.

A third query implicit in the experience of the Nahoums relates to relief administration and the old problem of the extent to which administration should be centralized or decentralized. Contrast Mr. Nahoum's case with the relief problem in the hills of Kentucky, for instance. There sixty dollars a month would appear like a small fortune. As Lent D. Upson facetiously remarked at the G. R. A. conference, "There are sections of the country where the only relief you need is to hand a man a few bullets and tell him to go out and get himself some dinner." It seems difficult to combine centraliza-

(Continued on Page 494)

Tax Relief For Real Estate

A discussion of the woes of the real property tax with suggestions on other available fields of taxation

HERBERT D. SIMPSON *Northwestern University*

IN discussing "tax relief for real estate" I should like to begin with a brief preface. My preface would be that while there is much real estate that needs relief from taxation, there are many forms of real estate that need no relief and some real estate that ought to be paying more taxes than it is. And there are other things that real estate needs relief from worse than it needs relief from taxes.

Real estate needs relief from dependence upon a commercial banking system for its permanent financing. It needs relief both from the unscrupulous types of private financing that characterized the period preceding the depression, and from the haphazard, semi-benevolent types of governmental financing that have characterized the period since. It needs relief from the unregulated, irresponsible types of subdivision and promotion by ex-gangsters, financial wizards, public utility magnates, and politicians that have characterized most periods of prosperity in the past. It needs relief from the short-sighted, narrow-minded type of leadership that has too frequently characterized its recognized organizations in the past, a leadership that has placed its emphasis upon promotion and salesmanship and upon alliances with tax officials and political groups for the purpose of securing temporary reductions of assessment and other petty favors, rather than on the development of broad policies in the interest of the community as well as the members of real estate groups themselves. From these and many other ills real estate needs relief worse than it needs relief from taxes.

DEPENDENCE ON REAL ESTATE TAXATION

But all of us need relief from dependence on a system of local government taxation that has become virtually a real estate tax. Indeed, I am inclined to think that the need lies more acutely with the governments and with the community in general than with real estate groups themselves. The actual burden of taxes on real estate is to some degree capitalized and discounted in the prices of property or at least *can* in some degree be discounted; but the ill effects of an unbalanced, uneconomic form of taxation are suffered constantly by local governments and by the communities they represent.

After a somewhat extended study of real estate movements in the past, in our work at Northwestern University, we can only report that the further we get into this field the more apparent it becomes that so far as the broad ups and downs of real estate development and prosperity are concerned, taxes have had nothing to do with them. We have had the most rampant speculation and most spectacular real estate appreciation and activity in periods of rapidly mounting taxes; and we have had prolonged decline and stagnation of real estate activities in periods and regions where taxes were negligible.

But while taxes have had little or nothing to do with precipitating panics and depressions, nevertheless it appears to be equally clear that once we are in a period of panic and depression, real estate taxation is a positive factor in aggravating and prolonging the depression. We may enumerate four ways in which real estate taxes have this effect.

In the first place, the real estate tax, and the property tax in general, is a fixed charge, levied without regard to the volume of business, the earnings of the property, or the financial status of the owner. It is a commonplace to observe that in times of financial stress it is the fixed charges that ordinarily precipitate trouble. In the case of real estate, likewise, it is the fixed charges that put properties into receivership or bankruptcy and bring about a huge volume of "distressed sales" on a deflated market, thereby giving added momentum to the course of deflation. Of these fixed charges taxes ordinarily make up from 20 to 25 per cent.

In the second place, assessments are very tardily and grudgingly reduced in times of depression. Sometimes the pressure of revenue needs prevents them from being reduced at all. This means that as values decline in the process of deflation the capitalized value of a constant tax becomes a constantly larger proportion of the total actual value of the property. A tax which absorbs 20 per cent of the income (and wipes out 20 per cent of the capitalized value of the property) in times of prosperity may absorb 50 per cent of the income and wipe out some corresponding stratum of capitalized value in a period of depression. In short a more or less fixed amount of property taxation adds a widening stratum of deflation on its own account to the cumulating deflation from other causes—and again aggravates the course of general deflation and depression.

In the third place, the heavy delinquency which invariably develops in periods of depression, and will probably continue to develop in future depressions, cripples the finances of local governments, compels resort to heavier taxes on surviving taxpayers, and forces recourse to expensive borrowing operations. Frequently it has the effect of impairing the operations of local governments at the very time when added burdens are thrown upon them and when their efficient functioning is most necessary.

In the fourth place—and this, I am inclined to think, is the most fundamental of all and one that has quite commonly been overlooked—the real estate tax is essentially a *debtor's tax.* An actual *general* property tax would not be, because such a tax would rest on bonds, notes, mortgages and other securities that represent the creditor interest. The virtual exemption of these interests means that the property tax on real estate and tangible wealth rests essentially on the equities and tangible assets that underlie the bulk of the private indebtedness of the country. This is almost necessarily the case, since the purpose of loans is ordinarily to put the proceeds into the production or acquisition of some form of property. And if there were any question about it, the familiar figures for the various classes of indebtedness leave no room for doubt. They indicate clearly that the bulk of the private debt of the United States consists of urban real estate mortgages, farm mortgages, and railroad and public utility indebtedness, the latter resting for such final security as it possesses upon assets that are largely of real estate character. This means that to the extent that taxation rests exclusively on physical property, it tends to become essentially a debtor's tax.

Now, there is nothing inherently wrong with taxing debtors. Throughout some periods of recent memory if we hadn't taxed debtors, there would scarcely have been anyone else to tax. And furthermore, in periods of prosperity and appreciating values the debtor interest embraces entrepreneurs and promoters, stockholders, speculators, equities in expanding industrial enterprises and appreciating properties. These are the groups who share most liberally in the profits of such periods; while the creditors, holding securities of fixed principal and limited return, suffer shrinkage of real incomes and often shrinkage in the real value of their principal. In such periods the debtor groups represent the most profitable interest and the one possessed of the largest taxpaying ability.

But, on the other hand, financial panics and depressions are essentially debtor phenomena—we might almost say debtor pathology. The terms commonly used to describe these periods are all descriptive of debtor situations—over-extended loans, over-production on borrowed capital, inability to meet obligations, forced sacrifice of securities and collateral, distressed sales, liquidation, deflation of values, "frozen assets"—all these describe only too familiar debtor situations. Panics and depressions are essentially periods in which a large part of the assets and income of the country are in process of passing from debtors to creditors. They are periods which in the past have been characterized by "mortgage rebellions," debtors' revolts, Populist, greenback, and fiat money movements, all of which represent the underlying, nation-wide distress of the debtor classes.

Now when, on this debtor situation, we superimpose a tax system that is essentially debtor taxation, we have a tax system that is exactly upside down in its relation to the conditions of the time—a system that is exactly the opposite of any "taxation for prosperity". This I take to be the most fundamental relationship of real estate and property taxation to problems of prosperity and depression.

We cannot, of course, shape our tax statutes so as to apply only to debtors in periods of prosperity and to creditors in time of depression. If it were possible to word our statutes in that way, it would be a blessing to both groups in both periods. It would put some restraint upon excessive borrowing by debtors and provide some compensation for the shrinkage of income and principal on the part of creditor interests in periods of inflation and prosperity; and it would lift a heavy burden from distressed debtors and contribute greatly toward strengthening the price and credit structure in times of depression. We probably cannot accomplish this through any feasible forms of taxation; but we can shape our general tax system less exclusively with reference to property and more with reference to income or financial capacity of some kind, so that it will more nearly follow the changing channels of taxpaying resources in prosperity and depression, instead of riding the flood in periods of prosperity and trying to navigate the sand bars in periods of drought.

RELIEF FROM REMEDIES

Before I undertake to suggest any available lines of remedy, I am going to hazard one further diagnosis of our needs. We need relief from many of the popular proposals, many of the patent medicine remedies for the situation. In short, we need relief from many proposed forms of relief. Among these I should enumerate the following.

1. "Getting Assessments Down."—We need relief from the piece-meal,

chicken-feed policies of many real estate boards, home owners' associations, farm organizations, and taxpayers' associations directed toward temporary reductions in assessment, with complacent self-satisfaction when these petty concessions have been accomplished. These policies always remind me of an eloquent citizen of the Windy City. In a large public meeting in Chicago he declared that the way to get relief was to go right down and talk "brass tacks" to the Board of Review. He related with great gusto how he had talked "brass tacks" to the Board of Review and got his assessment reduced to what, according to his own figures, represented only 60 per cent of the full value of his property. He did not know that the average level of assessment in Chicago in that year was 31 per cent.

2. The Sales Tax.—Whatever merits the sales tax may have for other purposes, from the standpoint of relief for real estate it is jumping from the frying pan into the fire. In Illinois our 2 per cent sales tax was offered as a means of abolishing the state property tax levy. Yet it is easy to demonstrate that the average farmer will pay more in the form of a 2 per cent sales tax than the small state levy amounted to.

3. Tax Limitation.—While tax limitation may be a legitimate weapon of conflict, as an end in itself in the way of relief for real estate, past experience seems to have demonstrated its futility. In Illinois the so-called Juul law has grown from time to time until now it takes eight typewritten pages merely to enumerate the separate items it contains, including limitations for soldiers' monuments, brass bands, and comfort stations. It affords a striking illustration of the futility of this kind of relief. I know of no other useful purpose it serves.

4. General Gross Income Taxes, Production Taxes, etc.—In recent years there has been considerable discussion to the effect that the property tax ought to be abolished entirely and replaced by a single gross income tax or production tax or other universal form of tax. The yearning for some universal, simplified form of taxation is a perfectly normal one and arises largely from the unnecessary confusion and the incompetent administration of the heterogenous taxes we now have. It is the same psychology that underlies the yearning for a simplified universal language for all mankind and that has given rise to "Volapuk", "Esperanto", and other artificial world languages. Esperanto was going to eliminate war and accomplish various other happy results. Eventually when someone tried to "talk Esperanto", he found that the complications were greater even than his previous efforts to talk English.

And so with the proposals for simplified universal forms of taxation. Most of them are simple in name only. There *are* simplified taxes, such as the poll tax and the salt and match monopolies of European countries and many others; but most of them have vices more simple than their virtues.

5. Homestead Exemption.—We refer to this because there has been a considerable movement in recent years for partial or complete exemption of homesteads. The history of property taxation in this country has largely been the history of the escape of one type of property after another from carrying its share of property taxes. The first exodus was that of the railroads in the early days when railroad construction was subsidized by general exemption on the part of both state and local governments. The second exodus was that of stocks, bonds, and intangible property, coincident with the development of corporations and the growth of securities and new types of intangible wealth. Subsequently there

developed more or less wholesale evasion of taxes on the part of the railroads, public utilities, and other large corporations in consequence of the failure to provide administrative machinery adequate to assess these types of property and to cope with the powerful corporations that owned them. And finally there has been a tendency for personal property in general to escape adequate assessment on account of the growing complexity of these forms of property and the ineffectiveness of assessment methods.

The result is that a tax which at the outset rested firmly on the broad base of universal property ownership has had its base narrowed more and more by this process of constant erosion until now it more nearly resembles one of those "pivot rocks" that tourists admire, not for its massiveness and strength but for its ability to "teeter" indefinitely without tumbling.

But we cannot continue this process of erosion forever without courting disaster; and we have no hesitation in saying that improvement in the character of the property tax lies in the direction of further reducing the exemptions we have rather than in devising new ones. We will concede without argument that there is more reason for the exemption of homes than for the exemption of many forms of property that are now exempt. But this is not the way to remedy the situation. If homes are taxed too high, it means that other small properties are taxed too high likewise. This includes farms, shops, stores, and small business and industrial establishments whose owners are often having a harder struggle than many comfortable home owners. Sound remedy lies in working to secure lower property taxes, not in exempting some particular class and thereby shifting still heavier taxes to those who are left to carry the burden.

CONSTRUCTIVE POLICIES OF RELIEF

There are three commonly recognized bases of taxation: property, business, and income. If we wish to include consumption as a separate base, we may enumerate four. If our purpose is to lighten the burden on the first, we must move definitely to one or another of the remaining three. On any modern conception of tax principles, it would seem that any extensive taxation of business and production must be recognized as repressive and demoralizing; and any extensive taxation of consumption, except in fields of luxury or undesirable forms of consumption, as oppressive and unjust. Those of us who hold this general philosophy feel, therefore, that in moving from property we must not stop at any intermediate stations such as production and consumption but must move directly to income as the most available and most equitable basis for carrying any burden lifted from property. We are using income, of course, not in any technical accounting sense, but in the broad sense of participating in the distribution of wealth.

It seems to me there are three fields of taxation which specifically represent a basis for this type of taxation:

1. Profits from the exploitation of natural resources, including therein what we commonly call the unearned increment from the appreciation of urban sites.

Mr. Harold S. Buttenheim has shown in a brilliant article in the February number of the *Journal of Land Economics* that these sources of wealth are not as significant now as they were when Henry George wrote his "Progress and Poverty". They still represent, however, sources of wealth of enormous magnitude and in many fields forms of exploitation that are bound to prove costly to the nation. They constitute an eminently fitting field of taxation and a field peculiarly appropriate for carrying a portion of the burdens now resting on forms of property that represent the product of saving and industry.

2. Income Taxation. Inasmuch as a group of us, including Professor Blakey of Minnesota, Professor Groves of Wisconsin, Professor Jensen of Kansas, and Professor Martin of the Commission on Conflicting Taxation, have expressed our views on the scope of state income taxation, in a committee report recently published by the Tax Policy League,[1] I will not repeat our recommendations here. Suffice it to say, they advocate a greatly enlarged conception of the scope of state income taxation.

3. Inheritance Taxation. — Inheritance, in accounting terms, ordinarily involves the transfer of capital assets rather than receipt of income; but in the broad sense of sharing in the distribution of wealth it is income to the beneficiaries. Moreover, it is income of so fortuitous character and rests so largely on privilege conferred by positive legislation, that it is peculiarly appropriate for substantial contributions to public needs. And when the alternatives are taxation of property that represents the product of saving and industry, or of property that merely comes down through the channels of inheritance, it seems obvious that the latter can properly be asked to carry larger burdens than the former.

Of course, if the federal government absorbs an extreme proportion of all the revenue available from both income and inheritance taxes, the states will have to adjust themselves accordingly. But adjustment does not consist solely in relinquishing everything to the federal government; adjustment may consist in curbing some of the profligacies of the federal government.

In any case, under present conditions it would seem that these three fields embody areas of surplus income to which we should transfer a substantial portion of the burden that now rests on property, and particularly on real estate. And if this sounds too theoretical I may report that I have just come from Oklahoma, where the Brookings Institution has been engaged during the past year upon a survey of the state government, including a study of the revenue situation. This latter study I have had the pleasure of directing. Partly as a result of our study and partly as a result of the good sense that is characteristic of the people of Oklahoma, they have taken concrete steps in the three directions I have outlined. They have adopted a 5 per cent severance tax on oil and gas; have revised their income tax, increasing the maximum rate to 9 per cent (we had recommended 12 per cent); and have put through a complete revision of their inheritance tax, making it essentially an *estate* tax, with a maximum rate of 10 per cent (we had recommended 20 per cent). They have steadfastly refused to make any increase in their existing sales tax, which is a 1 per cent retail sales tax.

As a result of these and other measures, we have estimated that after the revised tax system gets fully into operation, property taxes will probably represent not more than 46 per cent of the total revenues of all governments, state and local. I submit this legislative accomplishment as a modest but very concrete step in the direction of "tax relief for real estate"—and in the direction of "taxation for prosperity".

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[1] The Place of State Income Taxation in the Revenue Systems of the States, Tax Policy League, 309 E. 34th Street, New York City.

Editor's Note. Address delivered before the Institute of Public Affairs, University of Virginia, July 10, 1935.

The Civil Service and the University Graduate

First steps in a career in public administration for college men and women

LEONARD D. WHITE

United States Civil Service Commissioner

Civil service examinations have long recognized college and university training in the scientific and professional fields. In order to pass the examinations a chemist must know his formulae, a bacteriologist his "bugs". College and university degrees have become recognized prerequisites for these branches of the public service. No one objects, because the consequences of any other policy are too obviously dangerous.

For many generations the public services of France, Germany, Holland, England, and other countries have made it possible for college and university graduates trained in economics, administrative law, or in the humanities also to enter the administration and to look toward responsible work. The British administrative class is the best known illustration to American readers.

The United States Civil Service Commission, recognizing the new administrative responsibilities which have been undertaken by the national government, is seeking to recruit a limited number of well trained college and university graduates of superior native endowment. The plan is to hold an annual examination for the position of junior assistant, at $1620 per annum. This examination will be open to graduates of colleges or universities of recognized standing who are less than thirty-five years of age. Appointments may be made from this register to any department, establishment, or agency which desires to use this source of recruits.

No group of positions is reserved for these college graduates and they receive no special favors once in the service. Their future depends entirely upon merit in free competition with others.

An examination of this type was held in October 1934, under the title of junior civil service examiner. Over 7,500 college graduates competed in a very difficult general intelligence-general information test. About half of these college graduates were successful, giving the Civil Service Commission a register of approximately 3800 persons, presumably including the best endowed and best equipped college graduates of recent years.

Every state in the Union and the District of Columbia is represented on the register. About half the successful competitors were less than twenty-five years of age. The number of men competitors was about four times as great as the number of women. Over two hundred competitors had received the M.A. degree, and between thirty and forty possessed the Ph.D. degree. The form of examination was intended to give no advantage to any specific subject of higher education, and inspection of the results seems to indicate that a graduate in English, philosophy, or mathematics stood as good a chance of success as a graduate in economics, business administration, or political science.

The examination is not a new one, since similar examinations have been given from time to time as vacancies occurred in the examining division of the Civil Service Commission. The present register has, however, been more widely used, and as a bridge between the liberal arts, non-specialized college graduate, and the Washington service, it is performing a new function. It may readily become a means of selecting the limited number of college or university trained men who may be needed for the broader aspects of government work.

The present register was established in November 1934, and has been in force at the time of writing for about eight months. The records indicate that within the course of a year nearly five hundred appointments will be made from the junior civil service examiner register. Further experience will indicate whether approximately this number of appointments may be absorbed year after year by the federal service.

The register is maintained both in the customary form and also in "options", depending upon the major subject pursued by the applicant in his college course. Thus there are options in psychology, physics, literature, geography, and so on through the whole range of the college curriculum. Appointing officers have sometimes made their selections from the top of the general register, more frequently from the top of a special option.

The most popular options have been, in order, mathematics, economics, English, chemistry, political science, history, physics, and education. Mathematics and economics account for nearly half of the probationary appointments already made.

The departments and commissions which have made most extensive use of this register are the Department of Labor, the Division of Investigation of the Department of Justice, the Civil Service Commission, the Treasury, and Farm Credit Administration. This will indicate the wide range of potential use of this list.

The Civil Service Commission plans to hold this general type of examination every year, under the title of junior assistant. The need for men and women who will be successful in a very difficult competition of this sort will never be very great numerically, but it is likely that they will furnish a new element of substantial value to the civil service of the future. In any event, such an examination offers an opportunity for the ablest college graduates to get a start in some branch of the national administrative service, and thus meets, to a degree, the new spirit of interest in the public service which is running high among university men and women in all parts of the country.

Such an examination might well be announced for general utility purposes by those states which have the benefit of the merit system, and in Massachusetts and New Jersey and perhaps in other states, could be maintained by the state for the use of the cities and counties. This type of register, furthermore, is especially well adapted to cooperative management between the state commissions and the United States Civil Service Commission.

Trenton Continues Its Fight

Good Government League victorious at polls in election of first council under city manager charter

R. J. SAUNDERS

Former Chairman, Committee of One Hundred, Hackensack, N. J.

THE story of Trenton's fight for the adoption of the council-manager plan of government is incomplete unless it tells of the second half of the campaign—that to elect the members of the first council. The problem faced in selecting candidates, the stand taken by the Good Government League which sponsored the change in form of government, and the politicians' battle for control even after a decisive defeat in the referendum, offer lessons to those in other cities seeking betterment in their governmental systems that may well be studied.

It must be recognized that while the manager plan does reduce "politics" to a minimum in actual operation where care has been taken by the electorate in the choice of councilmen, its mere presence in a community cannot be expected to change human nature nor to kill in men long schooled in the great American game of politics the desire to seek public office. The motives of the office seekers may be varied—in some there is the sincere desire to serve the "peepul"; in others, the vain belief that they are particularly fitted to govern their fellow-men; while still more, having watched for years the apparent ease with which those in office have gained fame and fortune, take the glorious opportunity offered by upset of the old political crowd to cast their own hats in the ring and try for a seat on the "inside."

Witness what happened in Trenton!

One hundred and thirty-five petitions were filed for places on the ballot from which were to be selected nine members of council! And each petition required the signature of some one hundred and fifty voters—a voter, under the law, being permitted to sign nine such petitions only!

Practically before the ink was dry on the newspapers announcing the victory in the referendum, the candidates began to make their appearances. Even the "town drunk" armed himself with a legal looking document and went forth to get a sufficient number of supporters, presenting his petition bearing names such as "Mae West," "U. Takem Drink," "Joe Zilch," and a like ridiculous array of alleged signatures. Needless to say the petition was thrown out by the city clerk.

And the issues represented were likewise many and varied. Land of birth, religion and color, neighborhood and ward, were offered as the prime qualifications of some, while others promised jobs unheard of and to numbers untold. The relief problem and labor ran high and good old party lines were drawn by others in their efforts to gather signatures to petitions and votes. Few, indeed, mentioned the real issues or offered constructive suggestions as to what they might do if and when elevated by the electorate to that high position on council. In fact, a surprisingly small percentage of those seeking the office of councilman under the city manager plan of government knew the first principles of the plan.

The Good Government League was not without its problem. When victory seemed assured a few days before the referendum, a meeting of the executive committee was called and a nominating committee appointed. It was to be the duty of this latter committee to scan the lists of the city's best citizens for suitable councilmanic material. Their intentions were of the best and they went to work with sincerity of purpose and high ideals. They considered the requirements of the office and the qualities to be sought in candidates. Eight men served on this committee and they were to submit their findings to the executive committee for approval, presenting twice the number of candidates necessary, the executive committee in turn to submit a final selection of nine to a general meeting of the workers.

After four meetings, however, the members of the nominating committee failed to agree and were discharged by the chairman. The matter of selection of candidates to carry the standard of the Good Government League reverted to the executive committee as a whole, and a meeting of that body was called for the day following the referendum.

Seventeen members of the committee convened and over fifty names were considered through three separate meetings with no decisive results. They faced that ever-present stumbling block, "vote getting ability," and the question of satisfying workers for the cause. Even in this fine group of men came up the question, too, of representation for the various foreign-born groups in the city and mention was made of due representation of the political parties in an effort to make certain the "vote getting" element. This argument continued until, a virtual impasse having been reached among the members of the committee, it was decided to call in the assistance of an outsider to bring the matter to a head.

CANDIDATES SELECTED

A special meeting was called late one evening and the writer asked to give his experience in other communities in the matter of choosing candidates. He offered examples of the methods pursued in Teaneck and Hackensack, N. J., and brought out the evils of the political methods used in Asbury Park, and stressed the fact that the committee's duty was not one of throwing a sop to this, that, or the other racial, religious, or sectional group—rather to present a list of candidates, all of whom could stand on their record as citizens, on their apparent ability to fill the office of councilman in the interests of the city as a whole, and who could be offered to the voters as true believers in the plan of government as adopted through the referendum.

A further suggestion was made that since many names had been submitted, the majority of them representing excellent material, the committee resort to the proportional representation method, each member casting votes for his first, second, and third choices, giving due consideration to the question of obtaining a "balanced" council representative of various fields of endeavor as well as classes of citizenry.

Eight candidates were finally selected satisfactory to the committee as a whole. The ninth position was filled by drafting William J. Connor, then chairman of the Good Government League, but who had, in common with other members of the executive committee, vowed against his candidacy prior to the referendum in an effort to convince the people of the city that none of the original proponents of the form of government were seeking the change in their own interests.

The resolution containing this restriction was vacated by the committee to permit of Connor's candidacy and after several votes on the matter and an insistance on the part of his colleagues he finally accepted the nomination.

The Good Government League's candidates presented a fine list: an attorney, a retired business man and taxpayers' association official, a retired police officer of the highest standing, a manufacturer, an accountant, a banker, an active business man, a realtor, and a contractor. They ranged from a representative of the "high hat" section of the city to a "friend of the common people." They were all sincerely back of the city manager movement from its inception in the city and could be depended upon to make a sincere effort to carry out its principles.

PLATFORM SIGNED

A platform was then adopted, each candidate signing in evidence of his complete accord with its planks and copies with all signatures appended given not only to each candidate but to the new chairman of the Good Government League and to the Trenton *Times* which was in the thick of the battle and an important factor in the victory of the Good Government League. In the councilmanic election the *Times* carried a front page editorial urging citizens to "Vote the Nine". Since the *Times* is the only daily newspaper in Trenton, its support meant a great deal. The platform was as follows:

"A pledge to the people of Trenton by the candidates sponsored by the Good Government League:

"We, the undersigned, candidates for the office of councilman of the city of Trenton, New Jersey, at the election to be held on April 16, 1935, do solemnly pledge on our honor that, if elected, we will faithfully execute such office and will, to the best of our ability, strictly adhere to the principles hereinafter declared:

"First: To carry out faithfully and to the best of our ability the letter and spirit of the municipal manager law in every respect.

"Second: To engage as the city manager one who is not a resident of the city of Trenton, who is recognized as highly experienced in municipal government, with ability to successfully and efficiently administer the executive branch of our city government, and who is fully qualified to exercise and perform the duties required of him by law.

"Third: To recognize fully, without interference or usurpation, the duties, rights, and authority of the manager as provided by law.

"Fourth: To lower the cost of our city government by the adoption of policies and budgets which shall provide only for essential governmental expenses for useful services to our citizens.

"Fifth: To eliminate all extravagance, waste, and inefficiency from every department of the city government.

"Sixth: To make a careful study of the city finances, and to prepare a financial program which will be reasonable and within the capacity of the citizens to pay.

"Seventh: To recognize no mandate or interest other than that of the citizens, and in this connection we do declare and affirm that we have neither offered position, emolument, or employment of any kind whatsoever, nor promised pecuniary or honorary consideration to any person whomsoever.

"Eighth: To hold necessary conferences with the manager on public affairs, but to hold no secret sessions of council for business or to withhold public facts from the people.

"Ninth: To favor no individual, political party, organization, or corporation, and to conduct the city affairs impartially and for the best interests of the citizens as a whole, without regard for race, politics, creed, or other consideration than their equal rights as citizens.

"Tenth: To recognize qualification and merit as the sole criterion in the selection, compensation, and promotion of all city employees, and without regard to their political affiliations.

"Eleventh: To undertake no public improvements or legislation for expenditure of public funds until after the most careful investigation and study have been made; to plan public improvements so the benefited property shall pay according to the benefits received as provided by law; and to undertake necessary and needed improvements only after the legal number of citizens concerned approve the undertaking.

"Twelfth: To confer and coöperate with any and all citizens with the primary idea of securing the best results through an honest, efficient, and economical administration of public affairs."

With such a group of candidates, standing on a platform of such evident worth and with the League's organization still fairly intact, it seems inconceivable that anything but the election of all nine with high pluralities should have been attained. But let us consider some of the difficulties encountered by the League in its campaign for a good city manager council!

First, from its own ranks came howlings of a privately picked ticket, these howlings augmented by a group of the opposition which found its way into the meeting of the League's workers at which the candidates were announced. Next, a number of its members thought they had been slighted and promptly entered the field themselves with this or that claim for qualification. Third, the town's politicians cast aspersion on the ability of these nine candidates, "inexperienced amateurs," said they, to properly administer city affairs.

The campaign to elect the nine was left in the hands of the same "general staff" that had successfully carried the referendum. The slogan of "Vote the Nine!" was adopted. Newspaper advertisements were published as well as a "broadside" extolling the virtues of the nine candidates. Public meetings were arranged. Among guest speakers was the Hon. Murray Seasongood, ex-president of the National Municipal League and first mayor of Cincinnati under the council-manager plan.

A POLITICAL TICKET

The politicians, recognizing the strength of the League and its candidates, saw that a party ticket was doomed to defeat before it started. Finally, however, a ticket of nine, containing both Republicans and Democrats, was put in the field. This ticket was referred to by most people as the League of Nations ticket. It contained a representative of every nationality and section in Trenton and was a purely political ticket. It had an Italian, a Hungarian, a Pole, an Irishman, an Englishman, a Jew, and a German. Strangely enough, the only person on this ticket to win was the Rev. Oscar Henderson, an outspoken minister who had never mingled in politics before and who is both blunt and honest.

Then, the "friendship racket" was used and many candidates used their friends to line up for them as individuals with "bullet votes" or voting, if they so willed, for eight of the League's candidates, cutting only one to make way for "my friend". The religious issue was brought in and the neighborhood and "land of birth" questions dragged out, each, mind you, with the thought that the individual candidate should be voted for and one of "the nine" cut to make room for him.

Last but not least, came the city employees! Fearful for their jobs and harassed by the politicians, seeking only a council that would keep them in their positions, the city employees aligned themselves against the very people who were paying their wages and endorsed a ticket of their own!

Work, work, and more work on the part of the League's "general staff!" Organization and more organization! Instructions to workers, automobiles for election day, money for workers who could ill afford to give of their time at the polls or in other capacities. Challengers and legal advisors for voters! Lunches, suppers, and midnight meals to the polling places where many worked from before seven in the morning until eight and nine o'clock the next morning! Then the "returns" began to come in.

From the "high hat" wards the results showed quite conclusively a careful and intelligent vote, destined to bring true city management to the city without regard for political affiliation, wild promises, or personalities. The League's candidates were winning. From the densely populated wards came another type of vote—reeking with the evidence of clannishness, of hopefulness, of promises of assistance, of bought votes! And generally, where it was known that the city employees held forth in strength came returns evidencing that "hard working" group's effort to hold their jobs and support those who would play the patronage game.

The results? Peculiar in analysis! Six of the Good Government League's candidates went into office. A "land of birth" issue had upset one. An overzealousness on the part of another had brought about his defeat. The third lost out for the quite simple reason that he was at the bottom of the list of the League's nine men and was the one most logically cut in favor of the personal choice crowd!

And of the opposition elected—let's look the thing squarely in the face: one got there because he was of the old crowd, the only one of the ex-commissioners to run, and had, quite obviously, the support of the job-holders and the patronage crew; another, because his managers spent good money to get him there; the third, it must be admitted, was a fine candidate and won his election on merit and merit alone!

The Good Government League won a fine majority on council but a further analysis brings out the fact that it should have won all nine places. What was the trouble? What the cause of the wide-spread voting? Part has been answered—there were too many candidates! It needs more consideration, however.

First, perhaps New Jersey's law needs amending to make requirements for candidacy a bit more exacting. Second, the League, itself, perhaps, should have been more exacting in its choice of candidates. Third, a longer and stronger education of the people in the matter of their responsibilities in selecting councilmen should have been carried on!

THE RESULTS

And what of the aftermath? A month or more has elapsed since the new council took office, two months since they gathered to organize themselves as Trenton's new governing body under a new form of government.

As may have been expected from the results of the election the councilmanic voting is split six to three! The League's candidates, now councilmen, are adhering to their platform pledges and working for real city management. It was their vote that brought an excellent manager—Paul Morton—to the city hall. It is their insistence that is calling for speed in reorganization of the city's department. It is their vote that is placing in the city's key positions ably qualified men, sincere in their belief in the council-manager plan. It is their vote that is upholding the new municipal manager in his steps to consolidate services, remove the laggards and sinecurists from the city's payrolls, in his eighteen hour-a-day job of bringing efficiency to the city government in as short a time as possible!

And the League must carry on, too! It must remain a force in the city to back up these six men on council and to be ready to fight again to hold them in office when the politicians feel the time is ripe to spring a "recall" on them! No easy job, this holding a citizens' group together.

Shortly after the election, Chairman Martin Devlin, Jr., called his executive committee together. He laid before them the plans for a permanent organization and minced no words in telling them of the problems to be faced. He brought out the fact that among them and the general run of membership would be hosts of jobseekers—men and women who sincerely, in most instances, thought themselves qualified for city positions and who, because of failure to succeed in obtaining other employment now turned to the leaders of the cause they had espoused to get them on the payroll. Not a few are preaching the gospel "to the victor belong the spoils!" Devlin will have none of this!

His fight for a permanent organization is based on the fact that "good government" is what was fought for and what will come to the city through the efforts of City Manager Morton, the League's councilmen with backing from the civic-minded citizens in the League, and the campaigning of the Trenton *Times*.

And another problem already presents itself! A possible vacancy on council if charges now alleged are substantiated against one of that board! The law of the state calls upon the remaining members to appoint a successor to serve until the next general election at which time the people will elect a councilman to fill the unexpired term of the one removed or resigned. The fight will be on again! More candidates in the field—but the league must be ready to function to add to its majority on council and forever keep up the battle for "good government."

And advisory committees of citizens will be needed. Educational work in municipal government must be carried on. A "complaint headquarters" and an "open forum" should be established. Where better than through the medium of the Good Government League—a permanent organization? Where are the candidates of the future to come from—where are they to learn the principles of municipal management?

The League MUST carry on!

In summarizing the story of Trenton's adoption of the council-manager plan, and at the risk of repetition of remarks in the previous article, these points are brought out:

That city, in common with hundreds of others throughout the United States, suffered the ills of an antiquated form of government—inefficiency, graft, mismanagement, boss-control, patronage, high taxation. One man had the temerity to arouse the citizenry against the bosses. A small group studied the situation and saw "the way out" through municipal management. A non-partisan, non-political citizens' organization, through concentrated effort and organization, brought about the overthrow of the old system and cast out the old political crowd. The citizenry recognized its responsibility in government to itself and its fellow-citizens.

Editor's Note: This is the second of two articles by Mr. Saunders on Trenton's campaign for city manager government. The first appeared in the June issue of the REVIEW.

County Government and Medical Relief

What constitutes adequate medical service for indigents and how best to make it available a knotty problem for county officials

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AFFORDING relief to the indigent has been a function of local government for centuries. The common law of England definitely placed responsibility upon local government and to a large extent it has remained there ever since. In effect the old common law fixed a standard of relief that I will call a brutal minimum. People were not to be allowed to die of starvation or exposure. It was up to local government officials to see that they did not. That was indeed a brutal minimum—but nevertheless that concept is the foundation of all public relief. Of course, people could be kept alive and sheltered like swine, and not infrequently they were. The tales we hear of the old time workhouses, to say nothing of prison ships and slave camps, shed an unsavory light on the possibility of meeting that brutal minimum standard though violence be done to all the dictates of humanity.

But we have made a lot of progress since those days. Civilization has long demanded something more than a brutal minimum. We are concerned with standards of decency, and have developed ideas of "adequate" relief. Elementary requirements obviously are measured in terms of food, clothing, and shelter. It is not enough to provide indigent people with just enough food to keep them alive—they should have enough to keep physically fit. It is not enough merely to cover nakedness with rags—people should be clothed with decent garments. It is not enough to shelter people in hovels or dark and loathsome structures—they must be provided with living quarters where decent standards of sanitation and comfort can be maintained. Measured in terms of food, clothing, and shelter it is comparatively easy to arrive at some pretty definite objective standards of what is *adequate* relief.

But inevitably we come to the question of health. Any civilized standard of well being must take account of health. Thus, to afford truly adequate relief, the health needs of the indigent must be considered. Formerly the health needs of indigents were recognized only in tragic emergencies or when the progress of disease had been so great that little could be done. Today civilization is demanding that in giving relief to the indigent we afford him medical care in accordance with his needs, just as we afford other kinds of relief in proportion to need.

This concept is plain enough and thoroughly sound; but immediately we run into some very difficult and baffling problems. In the first place, when government undertakes to provide medical care it must turn to a group of people who are specially trained to give it—to an organized profession. This is not true in connection with other kinds of relief. Although the value of specially trained social workers has come to be clearly recognized, government is not wholly dependent upon a private group of professional men to administer relief in terms of food, clothing, and shelter, as it is when it comes to administering relief in terms of medical care. In fact, local government officials can handle the former themselves, in person, and have done so for centuries. But in connection with medical care government is forced to do one of two things: employ physicians and view them frankly as government employees, or else strike a bargain with private physicians to take over the task. Neither has been satisfactory.

VALUING MEDICAL SERVICE

In the second place there is no satisfactory measure of the value of medical service. Many private physicians would deny this and point to the schedule of fees charged in private practice. But those fees are not a defensible measure of the physician's service—and never were—even in private practice. It is possible to determine the value of a sack of potatoes or a ton of coal, but how much is the doctor's visit worth? In one case it serves no purpose at all—it is a wild goose chase; in the next case his visit saves a life! Government is completely at sea in trying to budget a service that has no objective measure of value. County governing boards are struggling with this problem everywhere and are resorting to all kinds of makeshift arrangements to meet it. In very few places have they succeeded.

The fee system has worked tolerably well in private practice because of what I will call the curb of self-interest, which operates to restrain the would-be patient. Realizing that he will have a fee to pay even if the doctor's visit proves to be wholly unnecessary, the doctor is not called nearly so often as he otherwise would be. Remove the curb of self-interest, represented in the obligation to pay a fee, and how many more useless calls would the doctors have to make? No one can tell. But we are beginning to get some light on it in connection with relief cases. County officials are keenly aware of the fact that when government pays the fee, and the curb of self-interest is removed from the patient, the patient expects a great many more calls. Hence county government officials flatly refuse to pay the fees that prevail in private practice. In most communities the doctors have tacitly recognized the problem by reducing their fees for public relief cases; but many of them still think government should pay the market value of their services.

Furthermore, the problem is complicated by the fact that there is no satisfactory objective measure of what constitutes "adequate" medical care. Government can arrive at very definite standards of adequacy with respect to tangible things, and refuse to provide more than is truly adequate. But they cannot do that with respect to medical care. Who doesn't need glasses? Many county officials would answer "nobody," when they ruefully check over the endless string of applications that come from families on relief. What is adequate care of a chronic case of pharyngitis or many another ailment? Again, the curb of self-interest operates as a restraint in private practice. Remove that curb and there would seem to be no limit to the things the doctors can do to make people feel better. In desperation county officials try to put the brakes on in some way—only to encounter the wails of the patient and the complacent dictum of the physician that laymen cannot be relied upon to determine the need for medical attention. This wholly subjective standard of adequacy, clearly exhibited in the clamour of patients who do not have to pay for their own treatment, leads county officials to be close-fisted, angry, and desperate. Hence universal quarreling with physicians, and protests from taxpayers about the cost of medical care.

There is still another difficulty. Variation in need is enormous. It is almost impossible to be objectively "fair" toward all applicants. And this circumstance has the county authorities in hot water all the time. Some medical cases require hundreds of dollars of expense and months of treatment, other cases almost nothing. How be fair and impartial in dealing with such cases? County authorities feel compelled to yield in emergency operative cases—as of course they should—but are inclined to be close-fisted with expensive chronic cases, even when the need is perfectly obvious. Officials yield to those who are most importunate, and thus are open to charges of favoritism. It makes for dissatisfaction and recrimination on the part of county officials, doctors, and patients.

These are some of the reasons why the problem of medical care of people on relief is such a difficult one to solve and is now causing so much trouble. What are some of the ways in which counties are trying to solve it?

THE COUNTY PHYSICIAN

The old-fashioned way is to employ a county physician. The county governing board strikes a bargain with some physician to serve in this capacity. His duties usually are to call at the jail and the poorhouse at stated intervals and perhaps to serve in coroner's cases. In addition he is supposed to be at the service of the people who are on relief. The system never did work very well, even though it was used almost universally. Usually the county physician was far from being one of the leading members of his profession. Quite often the contrary was true. Sometimes he was a man who had been a failure in private practice. Oftentimes he was mercenary in a shamefully petty way, and bullied his unfortunate patients out of what small change they might possess. Many times he was a most unprepossessing character personally and was heartily disliked and distrusted by his helpless patients. Very often he was extremely negligent, rude, gruff, and unsympathetic, and violently resented being called, especially at night. In brief, the portrait of the typical county physician of the last century is not a pleasing one. And I am not at all unmindful of some generous and splendid characters who have served in this capacity.

On the other hand, it must be appreciated that many of the county physician's unattractive qualities were cultivated in self-defense. The only way to protect himself from having to make many needless calls was to be gruff, disagreeable, and unsympathetic. Otherwise he would be overwhelmed with demands for his services. Furthermore, no county physician ever believed himself to be adequately paid; and probably no county physician ever was, if he actually cared for his patients as the ethical standards of his profession require him to do.

Experiences of the last century unquestionably point to the conclusion that the idea of having a county physician on a part-time basis is wholly bad. In this day particularly, when the medical load has come to be so much greater than it ever was before, the old system is hopelessly unsatisfactory. Added to the old familiar abuses, multiplied manyfold, is the fact that in this day of specialization no one physician ought to assume responsibility for all kinds of cases. The good doctor will not do it. The poor doctor should not be allowed to do it. Furthermore, indigent patients want some freedom of choice in the matter of selecting a doctor, and no doubt the demand is reasonable.

In counties where the load is great enough to require the full time of at least one physician it is possible to employ someone on a flat salary basis and get a first class man. It would seem to be necessary to commandeer his full time if the evil of neglecting the indigent cases is to be overcome, for the temptation to take care of a private practice and neglect the indigent cases, is almost more than human nature can resist.

FIXED CHARGES FOR SERVICES

Another way of meeting the situation—a way which the doctors themselves usually prefer—is for them to agree upon a schedule of fixed charges covering a large variety of familiar medical services. Such schedules are not used in private practice because of the universal acceptance of the fee system; but it is possible for doctors to list a large number of ordinary, familiar services and to agree upon a fixed charge for each service. These charges are substantially lower than what they receive in private practice and they do not ordinarily like to have the schedule made public. But those doctors who agree to the schedule then hold themselves ready to render service when called, and turn in their bills to the county in accordance with the schedule thus agreed upon. This scheme has merit. The patient has many doctors from among whom he can choose. If the doctor is very busy, he can refuse to go with a fairly clear conscience, knowing that many others are available. Each doctor gets paid for just what he does, and the pay is not high enough to tempt many of them to make unnecessary calls.

However, the plan has serious weaknesses. Chief of them is that patients tend to run up calls at a tremendous rate. There is no one to interpose restraint. Though the doctor may not be getting rich on these calls, the scheduled charges are high enough so that he does not apply the crude repressive measures so often resorted to by the county physician on a fixed salary basis. Medical relief costs mount very rapidly and hence county officials do not like the scheme. And there always seem to be at least one or two physicians in a community who are not above running up an outrageous number of needless calls in their spare time for the sake of the fees to charge up to the county. Any county board that adopts this scheme is likely to regret it, and to find the situation getting out of hand.

LUMP SUM CONTRACT

Another method is for the county medical society, as a group, to enter into a contract with the county governing board to care for all indigent cases for an agreed upon lump sum. The doctors apportion the sum amongst themselves in their own way—and as a group agree to take care of all indigent cases. This is an attractive way out for the county officials. They can budget this sum and are relieved of all worries. But under this scheme the doctors, or some of them, are very likely to get the worst of it. It seems to be almost inevitable that the doctors will under-estimate the load, and will agree to a lump sum that will leave them badly in the hole. One reason why doctors tend to under-estimate the load is that a given number of families in private practice do not call for as much medical service as an equal number of families on relief, getting free service. And if they do estimate the load somewhere near what it is really likely to be, the sum is so large that the county officials are frightened off and seek to solve the problem in some other way.

This situation is well illustrated in numerous counties in the state with which I am most familiar. In one county of about thirty thousand population the medical society contracted to care for the indigent cases for one year for three thousand dollars. The load turned out to be something over four thousand calls, two thirds of which were office calls; and 184 operations, fifty-one of which were major. The doctors kept records and the three thousand dollars was distributed to them in accordance with the calls made and operations performed. Obviously the doctors were badly imposed upon. Until that year no one had had the slightest idea of what the medical load really was in that county. This year the doctors are demanding a much higher lump sum and the county officials are refusing to sign a contract.

An interesting side light on the situation is that the doctors are very suspicious of certain of their fellow practitioners whom they believe made needless calls in order to chisel into the lump sum available to all of them.

If this county had been using the schedule of fixed charges described above, the cost to the county would have been about nineteen thousand dollars! Realization of that does not make the doctors very happy.

So the lump sum contract system has its drawbacks. It does not get away from piling up needless calls, nor does it put a curb on the chiseler. Otherwise it has advantages.

In several counties the doctors took their lump sum and, in a benevolent, broadminded, and expansive mood divided it equally among themselves, complacently agreeing to make all calls that came to them. This was done in several counties before any experience had been had with the scheme. It may be said that while there are still some doctors who are speaking to each other in those counties the atmosphere has become very tense! Inevitably it happened that a few good natured and conscientious doctors did all the work! Others, with their share of the lump sum in their pockets, shirked calls that came to them or made themselves so disagreeable to patients that they did not have many calls. Needless to say, that method of distributing the lump sum is falling out of favor.

A modification of the lump sum idea is being worked out in some counties. One great difficulty—as pointed out above—was that of estimating the load for a year. These counties have hit upon a flexible rule. They take the number of families on the relief rolls for the preceding month, and the doctors agree to a lump sum for the coming month on that basis—so much per family on relief. It remains to be seen how this will work out. The doctors will distribute the sum amongst themselves in accordance with calls made. The scheme will not stop the chiseler and it puts no curb on the patients. Perhaps those problems are insuperable. But it does give the doctors a chance to increase their charges as the load increases.

The ever mounting load is a serious problem. Many people on relief seem to be insatiable, and the relief administrator has difficulty in curbing their demands. The relief administrator can measure out adequate food, clothing, fuel and shelter and then boldly call a halt. But who can take the responsibility for refusing to allow a person to have the ministrations of a doctor? A slight ear-ache may develop into a fatal mastoid infection. A bit of seeming indigestion may end up in a ruptured

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Kentucky Gets a Primary Law

Governor's forces victorious in legislative fight on nomination measure

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WITH three governors, an order calling a special session of the general assembly, another order revoking that call, and a court order restraining the revocation—all within forty-eight hours—surely Kentucky has earned a respectful attention for its legislative methods, if not for their results. On February 6, after Governor Laffoon was safely in Washington, Lieutenant-Governor A. B. (Happy) Chandler, a fellow-Democrat but political foe of the Governor, issued a call for a special session of the general assembly, to convene on February 8, for the purpose of drafting a compulsory primary law. Late that same evening Acting-Governor Chandler departed for Indiana, leaving the acting-governorship to State Senator Humphreys, president pro tempore of the senate. Acting-Governor Humphreys served until 4:10 the next morning, at which time Governor Laffoon breezed across the Kentucky border on his way back from Washington to untangle the internecine *coup d'etat.*

Simultaneous with his arrival in the state Governor Laffoon issued an order revoking Acting-Governor Chandler's call for the special session. It stated that the "call" was "null and void, no extraordinary occasion having arisen," and further explained that Chandler's action was merely "to serve the interests of certain selfish politicians instead of the best interests of the commonwealth."

But Acting-Governor Chandler had anticipated the wrecking plans of Governor Laffoon, and had already prayed the Franklin circuit court, through the petition of Citizen John Gatewood, to grant an injunction restraining the Governor from revoking his "call" for the special session. This prayer was answered by the court, very early on February 7. Copies of the restraining order were served, only a little later the same morning, on the Secretary of State and Assistant Secretary of State Wilson. An attempt by the deputy sheriff to serve the Governor was unsuccessful.

From the press account of the "service" in the office of the Secretary of State it appears that the servers, to make doubly sure that their work would be effective, asked about the Governor's revocation order, and were assured that the office had no knowledge of such an order. But immediately after the service of the court's restraining order the servers were shown an attested copy of the Governor's order revoking Chandler's call for the special session. The revocation was signed at 4:10 central time, and attested by the same Wilson, Assistant Secretary of State, who after a fast trip had boarded the Governor's train shortly after it crossed the Kentucky border.

But the real story started some time before the call for the special session. There has been a wide open split in the dominant Democratic party for some time. Last spring both the sales tax and the primary law were issues on which the respective factions tested their strength, and Laffoon's administration forces won. After that came a renewed demand from the insurgent forces, led by Lieutenant-Governor Chandler, for a party primary to replace the convention method of nomination for state officers. The conventional reasons were given for the primary, and that issue was linked with the Governor's successful fight for the sales tax—both things were meant to oppress the ordinary citizen, financially and politically, for the benefit of the "interests" on the one hand and the politicians on the other.

The situation was further complicated by the fact that the insurgents were able to attract Washington's support to their side of the primary fight. They held a large and successful dinner-demonstration in Louisville at which the Governor and his satellites were condemned for everything but the depression. Bi-partisan control of the state government, led by the Governor at the behest of the utilities-race horse-distillery interests, were laid bare by both Democratic and Republican representatives in the state legislature.

Finally the test came at a meeting of the Democratic state central and executive committees in Frankfort on January 28. Washington had two good reasons to feel chagrined at its Democratic cohorts in Kentucky, and took this occasion to express itself. In the first place the administration-controlled legislature had defeated a measure providing for state enforcement of the NRA codes; and in the second place, it had refused to ratify the child labor amendment even after Secretary of Labor Perkins had journeyed from Washington to explain that measure to the Kentucky fathers assembled.

Here was a chance for the administration at Washington to crack back at the Democratic regulars in Kentucky, and it seized the opportunity at the eleventh hour by the public announcement of Postmaster Farley that the primary in Kentucky was "the Democratic way." This announcement, two days before the committee vote on the question, was followed by the sudden return of the senior Senator Barkley from Washington to Frankfort to defend the primary method before the joint committees. "Barkley Believed Roosevelt Spokesman" made the situation clear. The most that was accomplished was to put the final vote in doubt, whereas it had been a foregone conclusion in favor of the convention method prior to the "suggestion" of Farley and the pleadings of Barkley.

The same day the committee voted for the convention plan thirty to twenty and set the dates for the state and county conventions in May.

This, then, is the background of those hectic days of February 6 and 7, and the interesting legislating that followed. Friday, the 8th, at noon, was the hour for the special session. At nine that morning the question was being asked all over Frankfort as to whether troops would prevent its assembling. No one in the capitol offices visited knew whether the legislature would meet, nor when, nor where. In fact there was not much desire to talk about the subject. After all, they were public servants and not interested in politics. Going from the capitol building to the hotel headquarters of the Chandler forces one found the same uncertainty in the air, but with plans being worked out to take care of eventualities.

Since it was impossible to be both places at the same time, the house of representatives was picked out as the better place to watch the opening of a "rump" parliament because of the fact that it had no officially recognized leadership among the insurgent group, all the house officials belonging to the Governor's faction. In the senate, Lieutenant-Governor Chandler could be depended on to steer the affairs of state.

The roll was called by an acting clerk, acting for an acting chairman, both functioning from the lower dais as if not sure of themselves. The number "present" being less than the fifty-one majority, after considerable argument from the floor, the chairman gave it as his opinion that the assembly could do nothing more than adjourn until the following day under the house rule of five members. At this point, Lieutenant-Governor Chandler returning from his organization meeting in the senate, took charge of affairs in the house. A different member of the house took his position on the higher dais and proceeded with another attempt to organize that body. An acting secretary and an acting chairman were duly and unanimously chosen by the Chandler forces which had overwhelming control of the number present. During these proceedings a powder flash-light in the balcony caused a culmination of the tension which was easier to appreciate than describe. Organized, the house adjourned until the following day, when it was hoped that a quorum would be present. The senate procedure was similar but less confused, due to the Chandler leadership. But it was not until six days later that quorums were obtained in both houses, the delay costing the taxpayers between $1500 and $2000 per day.

From the dais of the Lieutenant-Governor in the senate the interplay of bitterly opposed forces on that "quorum" day was an extremely interesting study in political psychology. After quarrels over the rules, the number of employees, and even over the question as to whether the ministers were to be paid for their opening prayers, the now-expected bills were introduced. The Chandler bill for the single primary followed the Governor's bill No. 1 which called for a double or run-off primary. Both bills were reported back favorably by different picked committees favoring the opposing forces.

The Governor, in an hour and a half speech to the two houses, explained his change from the convention to the run-off primary idea as against the single primary by showing that the run-off was more democratic, and insisting that if it was more costly it would at least put more money into circulation which would be beneficial in fighting the depression. The Governor's speech was reported as being extemporaneous, and devoted in considerable part to a justification of his administration. On the question at hand he is quoted in the press as favoring a "primary bill when under it the nominee will be selected by the majority . . . if you don't want that, then you're not fair." He assured the legislators, further, that he was "for everything that is right against everything that is wrong."

The Governor's forces won on the final vote for Bill No. 1 and Kentucky secured a run-off primary law which will be put into effect as an emergency measure.

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NEWS OF THE MONTH

NOTES AND EVENTS

Edited by H. M. Olmsted

Call for Constitutional Convention in California Thwarted by Legislature.—California will not have a constitutional convention for some time to come; it is indeed a travesty, for at the general elections in 1934, a majority of the people of the state of California voted in favor of a proposal that a constitutional convention be called and that the legislature provide for the date thereof and other procedural incidents. Nevertheless, at the 1935 session of the California legislature, just ended, the representatives refused to pass a bill providing for a constitutional convention, giving as their reasons for this flaunting of the will of the people that this was no time for such a serious matter, that there are too many radical notions in the minds of the people, and so forth.

And so the people of California will have to abide by the decision of 120 individuals, comprising our legislature, which decision is directly contrary to the will of the majority of the voters of this state. One saving feature of the situation is that the legislature was divided upon this question, about two to one.

A. Edward Nichols

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Recruits to Interstate Coöperation.—Establishment of official agencies of interstate coöperation in twenty-three of forty-four states in the last four months of their legislative sessions is noted as an encouraging approval of the "talk it over with your neighbor" method of dealing with interstate problems by *State Government*, magazine of the American Legislators' Association. Pennsylvania and New Hampshire are the newest to join the list of seven states which have set up permanent commissions on interstate coöperation. In addition, sixteen other states have appointed legislative standing committees for this purpose.

New Jersey was the first to answer the call for such agencies, made by the Interstate Assembly in March 1935. Next came Colorado, Nebraska, North Carolina, and Florida. New Hampshire, on the last day of its 1935 session, became the first state to create such a commission by law, the other permanent commissions having been created by joint resolution.

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Improving Pension Practices of New York Cities.—The New York State Conference of Mayors, completing a three-year survey of the pension practices of cities in the state, finds that not one of the seventy municipal funds studied had enough money in it to pay pensions of all the policemen and firemen eligible for retirement. One city had only 17 per cent of what it needed to meet all obligations.

A number of cities have profited by the findings, and are placing their police and fire pension funds in the New York State employees' retirement system. In others, city officials are requesting that the pension surveys be brought up to date, and the mayors' conference is arranging for a permanent system of authoritative actuarial consultation on local pension problems without cost to the municipalities.

The New York Conference of Mayors predicts that, within the next five years, practically every local pension fund will have been placed on a sound actuarial basis by local action or will have effected a solution of the problem by entering the state retirement system or by providing for the eventual extinction of local funds by barring all new entrants.

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Municipal Officials Plan Important Conferences.—The twenty-second annual conference of the International City Managers' Association is to be held in Knoxville, Tennessee, October 21-23. An activity and financial report of the association, for the year ended June 30, 1935, gives the membership at that date as 299 city managers and 179 non-manager members. The number of manager members equalled the previous high mark; non-manager members have fallen off. The report stresses the launching of extension courses in municipal administration as a major new activity of the association.

Other important groups of municipal officials now planning conferences are:

Civil Service Assembly of the United States and Canada, meeting at Milwaukee September 26-28; American Public Health Association, Milwaukee, October 7-10; American Society of Municipal Engineers and International Association of Public Works Officials, joint conference, at Cincinnati, October 14-16; Municipal Finance Officers' Association, Knoxville, October 21-23; and American Municipal Association, Knoxville, October 21-23.

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Council-Manager Developments.—Nine cities have adopted the plan since January 1, 1935, and several other cities have set referenda dates some time before the end of the year. The cities that have adopted the plan are Ashland, Maine (2,198); Grayling (1,973) and Rockford (1,615), Michigan; Troy (1,898) and North Troy (1,045), Vermont; Trenton, New Jersey (123,356); West Hartford, Connecticut (24,941); and Wheeling, West Virginia (61,559). The cities and counties which will vote later in the year are Saginaw, Michigan (80,715), October 1; Eastport (3,466) and Richmond (1,964) Maine, September 9; and Cuyahoga (1,201,455), Hamilton (589,356), and Lucas (347,709) Counties, Ohio, November 5. In Des Moines (142,559) and Sioux City (79,183), Iowa, educational publicity campaigns have been inaugurated with a view toward securing a vote on the adoption of the plan this fall. The Taxpayers' League of Kentucky is urging cities in that state to adopt the council-manager plan.

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American Planning and Civic Association Results from Merger.—The American Civic Association and the National Conference on City Planning, at a joint meeting in Washington, D. C., on July 1, merged into a new organization, the American Planning and Civic Association.

The purposes of the new association include the promotion of public understanding and support of national, regional, state and local planning for the best use of urban and rural land, water and other natural resources; the advancing of higher ideals of civic life and beauty in America; and the safeguarding and development for the largest good to the people of natural wonders and scenic possessions and of national and other parks and recreational facilities.

The program of the American Planning and Civic Association consolidates the educational planning work which has been carried on for the last quarter of a century by each of the two merging organizations. The American Civic Association, which was organized in St. Louis in 1904, has been a pioneer in advocating and interpreting planning and zoning for cities, towns, and regions. It has worked unremittingly for the restriction of outdoor advertising, has played an important part in programs for roadside improvement and in the movement for local parks, parkways, and playgrounds.

The National Conference on City Planning was organized in 1909 in Washington, D. C., to promote the cause of city planning. It has held a conference each successive year devoted to discussion of some phase of planning. The former offices of the conference which were located in New York City will continue to be maintained as branch headquarters, but the main office will be located in the Union Trust Building, Washington, D. C., the former headquarters of the American Civic Association.

The annual publications of the two associations, which were the *Proceedings of the National Conference on City Planning* and the *American Civic Annual,* will probably be issued as one volume. The two organizations have joined forces in the publication of a quarterly entitled *Planning and Civic Comment* which will combine the former *City Planning Quarterly* and *Civic Comment,* the bi-monthly magazine of the American Civic Association.

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National Association of Attorneys General Establishes Secretariat in Chicago.—Attorneys general of the forty-eight states will establish a clearing house of legal opinions in Chicago in the fall, in the form of a secretariat of the National Association of Attorneys General. It will be set up in conjunction with the Council of State Governments, of which Henry W. Toll is executive director. This action was suggested three months ago, when the National Association of Attorneys General held its first regional meeting in history at Hartford, Conn., to consider interstate compacts and administrative agreements among the eastern states.

The move is seen as evidence of a closer working union of the state officers whose job it is to untangle legal conflicts between the states and their residents. Especially important is the possibility of the attorneys general supplying needed advice and assistance on the legal aspects of regional compacts and interstate agreements on crime control, parole, and probation.

The secretariat will be located at 850 East 58th Street, Chicago, along with the headquarters of the Public Administration Clearing House, the American Legislators' Association and fifteen other organizations of municipal and state governmental officers.

COUNTY AND TOWNSHIP GOVERNMENT

Edited by Paul W. Wager

New Jersey—County Planning Bill.—The recent session of the New Jersey legislature passed only one important bill dealing with counties. This is the new county planning act (P. L., 1935, Ch. 251) which has been passed after four years of effort by the county planning interests of the state. This new legislation supplants the inadequate act of 1918 which was merely permissive and provided no "teeth", nor tools with which county planning commissions could carry out their work. The new act remedied one other weakness in the 1918 act by providing for freeholder representation on the planning board.

In addition to empowering and defining the duties of county planning boards, the bill contains one new provision of special interest to municipalities, the authority to create joint municipal planning boards. Under these sections (Nos. 9, 10, and 11) any group of adjoining municipalities or municipalities and counties may join in the creation of a single regional planning board with functions and duties corresponding to the planning boards of single municipalities. This provision should be especially beneficial to the metropolitan and shore resort districts of the state.

The new law takes a step in the right direction, but hardly goes far enough for fear of injuring the sacred principle of home rule, when it gives county planning boards the authority (Sec. 7) to review and report on all sub-division plats prior to the approval of said plats by the local authorities. The difficulty that county planners will experience under the new law will be in their inability to prevent a municipality from taking action which wrecks a part of the well laid plans for the larger district of which the recalcitrant local unit is but a part.

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Wisconsin—Consolidation of Counties Now Permissible.—The Wisconsin League of Women Voters has been successful in securing passage of the county consolidation bill. It has been signed by the Governor and is now Act 332, Statutes of Wisconsin. The act provides that any two or more adjoining counties may consolidate, by a majority vote of the electors of the counties involved, on submission of the question by action of the counties' governing boards or on initiative petition of 20 per cent of the voters.

A substitute amendment which would have emasculated the bill required that 51 per cent of the voters sign the petition; approval of the next legislature after the referendum had been held; and a period of ten years to elapse before the question could be submitted a second time if it were defeated. The League was fortunate in securing passage of the original bill.

At present it looks as if two counties,

Buffalo and Pepin, will immediately begin proceedings for consolidation following the steps outlined in the new act.

Mrs. Frederic A. Ogg
Wisconsin League of Women Voters

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Virginia—Election in Henrico County.—Henrico County (containing the city of Richmond), which has been thriving under the manager plan since January 1934, is in the throes of a campaign for the nomination and election of a new board of supervisors. A summary of the Henrico County audit, recently completed by T. Coleman Andrews & Company, is being used by the advocates of good government as convincing evidence of the efficiency and economy the county is enjoying under the manager plan. Voters are reminded that an audit by the same firm prior to the adoption of manager government showed much waste and inefficiency, and are urged to abstain from voting in the primary and to support the candidates of the Henrico Citizens' League in the November election.

*

Tennessee—No County Reorganization Legislation.—The extra session of the legislature adjourned in August without action upon measures for county reorganization. A bill sponsored by the Tennessee Taxpayers' Association, based upon the North Carolina county fiscal control statute, would have provided for qualified accountants, orderly, uniform accounts, budget boards, and the usual mandatory requirements upon all counties. Supervision was to be nominally by the state commissioner of finance and taxation, and eventually a division of local government would have been developed. Failure of this bill occasioned no surprise. While the taxpayers' group was successful in its partial audit and survey of the state government, legislators were either lukewarm or opposed to interference, even though harmless to their counties' independence, that this measure seemed to threaten. Readers of this column will realize that in political and governmental matters Tennessee is scarcely a state. It is a loosely federated union of independent counties. The small number of younger members who were mildly interested in county reform lacked either the trading facilities, or the cohesiveness to break the last minute log jam of the session.

Governmental Candidate for County Fiscal Reforms.—It is of interest to note, however, that Senator George H. Cate, sponsor and doughty fighter for both state and local renovation, cast his hat in the ring for governor in 1936. He was one of the group that battled for the bills designed to clip the wings of fee-grabbing justices of the peace in the regular session. One of the announced planks in his platform is "a statute providing for county bookkeeping and accounting systems with an annual audit by state auditors". Since a general law of this nature is already in existence, it is believed that the senator will favor more rigid scrutiny of county affairs.

Delinquent Privilege Tax Collections.—The state highway patrol recently has been active in a "mopping-up" campaign for delinquent privilege taxes. While the patrol under 1931 laws need not defer to local officials, many county court clerks have requested the aid of the highway unit to bolster up collections. In the period January 1-July 15, thirty-one counties were covered, with resultant $156,588 in taxes and $8,250 in penalties received, plus the issuance of 2,654 new licenses. In numerous cases, delinquents were neither insolvent, nor were their regular licenses unpaid. Well known utilities and other large commercial establishments accompanied the small marginal concerns. Many had escaped payment of multiple licenses for years. With the two largest counties remaining to be probed, it will be seen that approximately $450,000 is collectible. This brief experience with state coöperation reveals local inefficiency, and would seem to point the way to a wider extension of state collections or eventually complete state assumption of this activity.

Hamilton County Survey.—Griffenhagen and Associates of Chicago have completed an audit-survey of Hamilton County. The auditors have concentrated attention upon fiscal procedures, and their recommendations have been submitted to the county judge and court. A comprehensive budget law applicable to this county was drafted by the staff, but owing to opposition from local authorities, the legislative delegation did not enact it. No immediate action upon the recommendations is expected, but changes based thereon, where they will not infringe upon the powers of the existing administration, are quite apt to be adopted in piecemeal form.

Frank W. Prescott
University of Chattanooga

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Missouri—Shifting Relief Expenses to State.—Two bills shifting relief expenses from the counties to the state were passed recently by the Fifty-eighth General Assembly of Missouri and approved by Governor Guy B. Park. Both laws will become effective in September 1935.

A law transferring from the counties to the state two-thirds of the expense of maintaining indigent insane patients in state hospitals was passed by overwhelming majorities in both houses. It represents a compromise between those who wished to shift the entire burden and the recommendation of the Governor that the state pay half of the expense. (See my note in Vol. 24, No. 2, p. 122.)

The other law provides for old-age pensions at state expense for indigents over seventy years of age. The maximum amount is fixed at thirty dollars per month for a single person and forty-five dollars for a married couple, provided the former does not own as much as $1,500 worth of property or the latter as much as $3,000 worth. That there was widespread sentiment for old-age pensions is shown by the fact that the bill passed both houses unanimously, but in different forms necessitating a conference committee. Also there were fifteen different bills introduced, providing from fifteen dollars to sixty dollars per month, the median amount being thirty dollars.

The pensions will be administered by an old-age assistance commissioner under the supervision of the state eleemosynary board The commissioner will be assisted in each county by an unpaid old-age assistance board of three members to be appointed by the county court.

Old-age pensions at state expense will enable the counties to reduce the expenditures for both outdoor and indoor relief. But pensioning those over seventy years of age will not close the almshouses, as often alleged. However, a small reduction in the number of inmates does further emphasize the need for district infirmaries rather than county homes.

The above laws will be financed from the proceeds of a new 1 per cent sales tax, approximately $2,000,000 being appropriated for each purpose for the remainder of the biennium. The new sales tax is based upon the existing one, its rate being doubled, its base broadened, and the tax to be shifted to the consumer. Penalties on delinquent property taxes were again eliminated.

No other important bills affecting counties were passed or seriously considered in the recent session. The Missouri Association for Social Welfare sponsored two bills providing for a state department of public welfare and optional county boards of welfare respectively. Lacking the active support of the Governor, both bills died in the House committee on eleemosynary institutions.

William L. Bradshaw
University of Missouri

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Indiana—County Planning Commissions Authorized.—Although the 1935 session of the Indiana General Assembly was not productive of any thorough reconstruction of local government, several statutes were enacted which should be conducive to economy in local administration and pave the way for more comprehensive reorganization in the future.

One of these statutes authorizes any county of the state, by action of its board of commissioners, to establish a county planning commission. The commission is to consist in part of members appointed by the county board and in part of *ex officio* members. While the members serve without compensation, the commission is authorized to employ technical and clerical assistants and to fix the compensation of such assistants with the consent of the board of county commissioners. The commission is directed to prepare and adopt "a master plan for the physical and economic development of the county." Projects for the construction of county highways, parks, or buildings are to be submitted to the planning commission for its advice; if the advice of the commission is not followed, a statement of reasons must be filed for public inspection. The commission may prepare draft ordinances, including ordinances for zoning or land use regulation, for carrying out the master plan or any part thereof, and the board of county commissioners is empowered to adopt such ordinances. It is also the duty of the commission to coöperate with other planning authorities within the state in the coördination of planning programs.

Obstacles to Consolidation Removed.—Another act provides that whenever any township is abolished, or has its territory increased or decreased by boundary changes, the territory of the township, as it existed before the change, shall constitute a special taxing district for the retirement of any indebtedness of the township existing at the time the change was made. With the enactment of this provision, the problem of adjusting existing indebtedness should cease to operate as a serious obstacle in the way of township consolidation.

A step in the direction of functional consolidation is seen in an act authorizing any two or more counties, with the approval of the state board of health, to combine in the establishment of a health district for the employment of a full-time health officer.

Financial Control Tightened.—Three acts concerning local financial administration should result in substantial savings to the taxpayers. One of these requires counties, cities, towns, and school corporations, in making their annual budgets, to show the amounts of revenue which they expect to receive from various state funds, and to take such amounts into account in making their tax levies. Another act requires boards of county commissioners to purchase tools and materials for highway maintenance on the basis of open competitive bidding, total purchases up to three hundred fifty dollars per month in each county being excepted, however, from the requirement. By the terms of a third act, local governmental units are forbidden to make additional appropriations, after the regular annual budget has been adopted, without the approval of the state board of tax commissioners, which board has heretofore passed upon such appropriations only in the event of an appeal to that body by taxpayers of the unit affected.

A joint interim committee was established for the purpose of studying problems of taxation and making a report to a subsequent session of the general assembly, at which time, it is understood, the recommendations embraced in the recent report of the Indiana State Committee on Governmental Economy will also receive further consideration.

Clyde F. Snider

Indiana University

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Montana—County Consolidation.—In the recent session of the legislature the small county legislators formed a bloc to prevent all attempts at county consolidation. S. B. 34, signed by the Governor, provides for the submission of a constitutional amendment to the people in 1936 preventing the consolidation of counties except by vote of the counties affected. At the same time the senate committee on counties refused to recommend for passage a bill providing that on petition of 25 per cent of the taxpayers in a county desiring consolidation an election should be held in the two or more counties to be consolidated. If approved by a majority vote in the counties affected the bill set up the legal machinery for taking care of debts, claims, assets, etc. Thus S. B. 34 says counties cannot consolidate without their consent yet there is no manner by which counties can consolidate even though the taxpayers demand it. If S. B. 34 should carry, the state would relinquish a fundamental principle that counties exist by authority of the state. Already there are nine counties that contribute less tax money through a two-mill tax than their cost to the state amounts to.

The Montana Taxpayers' Association had hoped that sufficient pressure could be brought to bear upon counties to induce them to consolidate offices, adopt home rule charters, and lower their costs of operation during the next two years, so that forced consolidation would not be necessary. The secretary of the Association offered to withdraw any attempts at compulsory consolidation if the legislature would pass the optional consolidation and home rule charter bills. Their refusal has left but one course open, that of initiating a bill by petition in 1936 providing for consolidation and conducting an active campaign for the defeat of S. B. 34.

Since the failure of the home rule charter bill to pass the legislature, a number of counties are expressing renewed interest in the provisions of the existing county manager law. Gallatin, for example, had already circulated a petition calling for an election on this plan of government, but withheld action pending the home rule charter proposal. While a home rule charter bill would be much more flexible and would permit variations that would suit the many different counties of the state, the county manager law is about as good as could be drawn for a single plan of county government. Undoubtedly Gallatin and several other counties, having grown tired of waiting for any further improvement, will now go ahead and attempt to put over the county manager system.

THE MONTANA TAXPAYER

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Kansas—Community Hospitals Authorized.—An act of the last legislature authorizes the construction and operation of community hospitals in counties having a population of more than 43,000 and less than 55,000 and having an assessed valuation of more than $30,000,000 and less than $45,000,000, if there are one or more cities of the second class in the county maintaining a city hospital. There was no statute permitting counties to join in the operation of hospitals, jails, poor farms, and other county institutions.

The McFarland bill for county consolidation failed to pass. Neither did the bill allowing counties to adopt the manager form of government pass.

ALBERT B. MARTIN

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California—Committee to Study Consolidation in Los Angeles.—Mayor Frank L. Shaw of the city of Los Angeles recently made public the fact that he will soon appoint a committee to study the subject of city and county consolidation and to make recommendations as the best manner in which this movement can be brought about.

The fact that the committee will not be confined to the city of Los Angeles, but that outside cities or districts may be represented on it, is a possibility considered significant in that it is believed to look toward the creation of a city and county government to embrace the entire county, with borough representation for the major communities within the county.

City and county consolidation after the manner in which San Francisco is governed has been advocated by Mayor Shaw from the beginning of his term.

C. W. LEWIS

Pennsylvania—County Committees Meet.—What may well prove to be an important event in the history of county and municipal government in Pennsylvania occurred recently when representatives of the first eleven county citizens' committees formed by the National Economy League met in Northampton County to consider ways of coöperating with officials in a state-wide movement to reduce the cost of government without impairing essential services.

These committees are limited to a membership of twelve carefully chosen persons of high repute in each county. At the request of the National Economy League they are being supplied with the same comparative schedules from the Pennsylvania Economic Council that have been supplied to county and municipal officials. They will study these and then coöperate with officials in attempting to remove the causes of any items of expense which appear to be unduly high.

PENNSYLVANIA ECONOMIC COUNCIL BULLETIN

TAXATION AND GOVERNMENT

Edited by Wade S. Smith

New York City Relief Taxes Upheld.—In a decision handed down July 11, the Court of Appeals upheld unanimously the past and present emergency tax program of the City of New York to finance the municipality's share of relief costs.

Two cases were before the court, one involving the constitutionality of the Buckley act, which authorized the 1½ per cent tax on the revenues of utilities imposed by the city in 1933, the other involving the sales tax. The latter was dismissed by virtue of the decision on the first case, the court holding in substance that the delegation of the taxing power by the state legislature was not a violation of the state constitution.

Interesting in the case were several aspects of municipal-state relationships commented upon by the court. "The legislature for the first time has conferred upon a municipal corporation authority to enter the field of indirect or excise taxation," Judge Loughran wrote.

"It is true that there is to be found in the Buckley act neither limitation in respect of the character or rate of the taxation authorized, nor restriction in respect to persons, business, or property within the City of New York to be subjected thereto. The terms of the act, however, do confine its operation in point of time and of specific public use of revenue to be derived. The state has here empowered its agent, the City of New York, during a fixed period, to experiment in taxation for a state purpose which is also so much a matter of local concern that the city authorities undoubtedly have unequaled knowledge and capacity to dispatch it. Broad and unprecedented as is the license conferred, we are without jurisdiction to circumscribe or modify it."

Chief Judge Crane, in a concurring memorandum, wrote: "We think that, within the limitations and restrictions of the act, considering the powers already given to the city as a public welfare district, the legislature has not delegated its taxing power so as to abdicate one of its constitutional functions. Whether in any instance the power of a municipal corporation to tax, to borrow money, to contract debts, or lend its credit has been sufficiently restricted, is a question for the discretion of the legislature, not reviewable in the courts."

Had the decision been adverse, New York City's treasury would have lost approximately $33,000,000 from the utility tax, and some $40,000,000 from the sales tax, plus smaller sums received from other relief levies, such as the gross business tax. Refunds would also have had to be made on relief taxes collected in 1934 and 1933.

Important as the decision is to the metropolis, the court's position may prove in time to be of far wider reaching significance. Though New York City is perhaps one of the few cities in the country large enough to expect a fairly efficient administration of a local sales tax, the avenues of experimentation in municipal taxation which the decision may open up are practically endless. Instead of simplifying the present overlapping spheres of taxation which the Interstate Council on Conflicting Taxation seeks to regularize, the decision may prove an opening wedge to bring the municipalities to a position of "usurpation" of some of the taxes formerly more or less reserved to the states, thus reversing the present situation of narrowing the tax bases open to the cities.

Rate Limitation in West Virginia.—A recent bulletin of the West Virginia League of Municipalities provides pertinent data for officials and citizens interested in observing the concrete results to tax rates of over-all tax rate limitation. West Virginia, it will be recalled, virtually throttled her cities two years ago by adopting a limitation law so tight it left nothing for operation after debt service deductions. Provision was later made for levying outside the limits for debt service, contractual debt charges, and operating levies in cities free from debt or ratifying excesses by special elections.

According to the League, municipal rates are authorized as follows: On money, stock, bonds, and other intangible personal property, 12½ cents; on realty occupied by the owner exclusively for residential purposes, 25 cents; and on all other realty, 50 cents. Actual average levies of 104 cities in the state with populations in excess of 1000 in 1934-35 were, for intangibles, 17.5 cents; for realty occupied by the owner exclusively, 35 cents; and for all other realty, 70 cents.

Of the cities tabulated, "eleven laid levies below the authorized maximum, twenty-seven used the full allowances, and the remaining sixty-six were compelled to levy rates in excess of the limitation amendment." Ten cities benefited from utility earnings, two to such an extent that they laid no levy for operating purposes. Other cities utilized unused debt allowances transferred to current operating purposes, or were debt free last year, or had special elections.

Here is assuredly food for thought for all rigid rate limitationists. West Virginia cities' pitiful financial condition in 1933 is well known to REVIEW readers; the limitation amendment virtually forced many cities to close up shop, and knocked others for a loop from which they will be long recovering. Yet in spite of the stringent effects of the limitation law, the net result a year later is shown to be not lower taxes, but taxes in a majority of instances laid outside the levy, and legally at that. Again it is shown, limitation that really limits breaks down government; "workable" limitation, with excess levy provisions, fails to limit. Of course, the whole business is getting the cart before the horse; but when will our limitation-mad lobbyists begin to recognize that?

Florida Taxpayers Enjoying "Holiday".—Ravages of a long continued policy of "relief for the taxpayer" via the usual abatement and extension legislation route are today vividly shown in the state of Florida, according to a recent weekly bulletin from Walter P. Fuller of St. Petersburg.

According to Mr. Fuller, "Here are the essential facts of the situation. The 1935 legislature at its beginning passed its usual silly act extending the time of closing the tax books until the end of the session. Then it pulled the teeth from the 1929 tax foreclosure law. Final move was to bar the sale of tax certificates until April 1936, and invite all tax boards to compromise delinquent taxes for 1933 and prior on any basis they desired."

Leaving aside the resulting financial embarrassment to the state, "rather conclusive proof of the tax-paying holiday now in full swing is furnished by the county of Sarasota, where one of the most aggressive and intelligent sets of county officials in the state has achieved during the past several years one of the most splendid collection records. . ."

On April 1, 1934, this county had collected $138,492 of the current roll. On the same date this year the figure was $181,158 on a materially larger roll. Percentage figures were 26.23 per cent for 1934, 27.75 per cent for 1935.

But three months later, on July 1, 1935, collections totalled only $217,048, as against $220,007 for the same period in 1934. The percentages, which tell the true story, were 34 per cent for 1935, as against 41.7 per cent for 1934. For the three-month (April-July) period delinquent tax collections were $17,500 in 1934, as against only $1,500 in the comparable bracket this year.

Indications are that assessors' and tax collectors' offices in other parts of the state have been reduced similarly to chaos by the recent legislative activities of the state lawmakers. The city manager and tax assessor of St. Petersburg are reported to have resigned rather than cut valuations in half. The assessor of Sarasota County, already mentioned, while refusing to assess homesteads (exempted from operating levies by a constitutional amendment adopted last fall) for bond debts also ignores the legal presumption that valuations are 100 per cent of true value and has decided that assessments represent but one-fourth of such value, and is accordingly exempting homesteads up to $1,250 only, in place of $5,000 as provided by the amendment. Palm Beach has declined to levy on homesteads for bond debts. Only Miami Beach, with about 99 per cent tax collections, secured mainly by foreclosure of some two thousand properties, shows as a bright spot in the tax collection picture.

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Philadelphia's Tax Collections Rise.—For the first time since the depression began, Philadelphia has seen a half-yearly period in which tax collections were greater in amount than in the corresponding period a year earlier. For the first six months of 1935 collections were 64 per cent of the levy, as compared with 59.05 per cent for the first half of 1934.

In amount, the 1935 collections were $1,091,243 ahead of last year's similar collections, in spite of the fact that the 1935 levy of $49,761,106 was nearly $3,000,000 more than that of 1934.

Delinquent tax collections do not show the same increase. Total arrears this year were $33,359,953, or $282,842 less than the total a year ago. However, by June 30 this year only $5,488,357 had been collected, as compared with $7,772,241 a year ago. The percentages are, for 1934, 23.1 per cent; for 1935, 16.45 per cent.

Delinquent collections are said by the Philadelphia Bureau of Municipal Research, from whose bulletin the above figures come, to have been adversely affected by the fact that a delinquent tax abatement bill was pending before the legislature in April and May of this year, accompanied by a loss of receipts as taxpayers waited in the hope of reductions. In June, with the legislation passed, the uncertainty ended and collections improved.

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A drastic tax limitation law to which the city of Saginaw, Mich., recently became subject will necessitate darkening one out of every four street lights, cutting in half the street repair program, closing three of seven bridges, eliminating three fire stations and dismissing 24 firemen, abolishing all park service, discontinuing ash collections, and abating public health work in the schools. Other cities in the state face similar situations because of limitation laws.

On July 17 New York City held its most successful bond sale in more than thirty years, disposing of a $38,000,000 issue of long-term serial bonds and corporate stock at an interest cost basis of 3.47 per cent. The nearest approach to the favorable price was for an issue of $22,000,000 corporate stock sold in 1905 at a premium that made the cost to the city 3.48 per cent.

PROPORTIONAL REPRESENTATION

Edited by George H. Hallett, Jr.

Another P. R.-Manager Proposal in Cleveland.—Ernest J. Bohn, who was first elected to the Cleveland council under P. R. and has since established a firm reputation as one of its most useful members, surprised the council on June 10 by dropping an unheralded 75-page charter amendment into the legislative hopper. The amendment re-establishes the city manager plan and provides for a council of fifteen elected at large on a nonpartisan ballot by proportional representation. Somewhat similar proposals by Council President Alexander DeMaioribus and Councilman Herman Kohen were already before the council, as reported on page 184 of this department for March.

Subsequently hearings were held before a committee of council of which Mr. Bohn is chairman. To mobilize effective support for the Bohn proposal a People's Charter Committee was formed and petitions were put into circulation with the idea of forcing a vote at the election this fall. The petitions named as sponsors a highly representative and respected committee. But it was finally decided that in view of the vote this fall on a new county charter drawn on similar principles it would be best to concentrate attention on that and bring up the new P. R.-city manager charter for the city at a later date.

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P. R. Proposals in the 1935 Legislatures.—So far as we are informed no one of the state legislatures meeting in 1935 actually enacted any proportional representation legislation, but the number of legislative P. R. proposals in the various states and the public attention given them leave no doubt as to the present virility of the P. R. movement in the United States.

Ohio. One of the most interesting of these, though scarcely one of the most promising for immediate enactment, was a constitutional amendment (H. J. R. No. 26) introduced in the Ohio legislature by Representative Levan to provide for a one-house legislature elected by "the system of proportional representation with the single transferable ballot" from large districts electing several members each. A fixed quota of 50,000 votes was to be used, with the proviso that if this resulted at a non-presidential election in a general assembly of more than sixty members the quota was to be increased for future elections by 10,000, and if it resulted at a presidential election in a general assembly of less than fifty-one members the quota was to be decreased thereafter by 10,000. Districts were to be drawn by the secretary of state following county lines and including at least six quotas in each district. Some of the detailed rules of the P. R. count were also left to the secretary of state subject to general principles stated in the amendment. The bill was well drawn by Emmett L. Bennett of the Cincinnati Bureau of Municipal Research and contained other interesting details to describe which space is lacking.

Boston. Reference was made in this department in February and April 1935 to the bill introduced by Representative Christian A. Herter, member of the recent Boston Charter Commission, to give effect to majority and minority recommendations of that commission by making the Hare system of P. R. for the city council or school board and the Hare system of preferential voting for mayor available to the citizens of Boston by petition and popular vote. This bill was put over by the legislative committee for another year, together with a great many other suggested changes in the Boston city charter, on the ground that all these matters would have to go to referendum and there was no convenient voting date between now and next year's session. The committee appears to have been favorably impressed by Walter Millard's presentation of the case for P. R. at the hearing in March, however, and influential members have promised the sponsor to try to put the bill through next year. Boston has recently experienced a considerable awakening of interest in P. R. and the whole "Cincinnati plan", with special articles in the *Evening Transcript,* the *Herald,* and the *Post.* Representative Herter and Senator Henry M. Parkman arranged a public meeting at which P. R. was demonstrated by Herman C. Loeffler of the Boston Municipal Research Bureau and Henry L. Shattuck, treasurer of Harvard University and member of the Boston city council, expressed himself forcefully for P. R. and against any return to elections at large without it.

Pennsylvania. The permissive bills for Philadelphia, Pittsburgh, and other municipalities in the Pennsylvania legislature, referred to in this department in March, April, and May, fared far worse than had been expected. The legislature consumed its energies in long wrangles on economic matters between the Republican Senate and the Democratic House and many of the Democrats appeared to have lost interest in minority representation since their recent majority votes in various cities and the state as a whole. The only bill in the program which emerged from committee was one which did not involve P. R., the optional city manager bill for third class cities by Representative Andrews of Johnstown, and that was defeated in the House by 111 votes to 71.

New York. The New York Senate's passage of a measure by Senator Thomas C. Desmond of Newburgh which would have made P. R. available for county boards of supervisors was referred to in this department for May.

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Automobile Labor Board Elections.—There has been much discussion of the use of "proportional representation" in the interesting elections of employee representatives conducted last spring by the Automobile Labor Board. It should be understood that this was not proportional representation in the sense in which that term is ordinarily used by political scientists the world over.

There was no opportunity for definite representation of different viewpoints except in so far as these were reflected in the different organizations of automobile workers. The workers were divided into single-member districts with the exception of a few electing from two to six because of exceptional circumstances and in all of these the majority system of voting was used. A primary was held in each district to reduce the number of candidates to twice the number to be chosen and then a straight vote was taken in the final election between the rival candidates or tickets.

At the primary election each voter was allowed to name a worker's organization with which he wished to be considered affiliated. If he did not do so he was classified with the unaffiliated group, which was treated like a separate organization. The organization groups thus determined are the ones among which "proportional representation" was secured. This was done by allotting additional members to the groups under-represented in the regular majority elections, the particular candidates to receive the additional seats of a group being those who in any of the districts received the most votes (if any of them were fortunate enough to survive the primaries). The American Federation of Labor, for example, was thus assured of substantially its proportionate share of each committee but differences of opinion within the A. F. of L. or cutting across organization lines altogether were disregarded in the apportionment.

Whether true proportional representation would be desirable for such a purpose is a question about which supporters of this principle for political elections may well disagree. Many labor leaders oppose even the representation of different organizations on the ground that it tends to divide the workers in the face of a united group of employers. It might be contended, on the other hand, that a completely representative workers' delegation could command much more united support from the workers than any other sort of delegation if its members could once agree on a common program, as they would have every incentive to try to do.

If a completely representative workers' delegation is desired it can of course be secured with certainty only by the usual P. R. election machinery, which would eliminate the necessity of primaries and do more than the system used in the automobile plant elections with far less trouble.

GOVERNMENTAL RESEARCH ASSOCIATION NOTES

Edited by Robert M. Paige

Research Department of the Portland (Ore.) Chamber of Commerce.—The research committee which coöperates with the research department is divided into four sections: natural resources, utilization of natural resources, human relations, government. The government section of the research committee produced three major reports during the past year according to the annual review of activities just issued. One dealt with the twenty-mill tax limitations amendment; another with the proposal to vest in the state highway commission complete jurisdiction over all roads and highways, their location, construction, and maintenance; and a third with the proposal to require all counties to hold referenda on the question of establishing county unit school systems.

The research department staff prepared a series of studies on taxation and tax trends in Oregon for use by a special committee which is preparing a report on this subject. This report on taxation is deemed to be particularly necessary in view of the reorganization of the tax system which may be desirable in connection with the industrial expansion expected to follow completion of the Bonneville dam.

A wide range of studies and reports dealing with economic geography, economic relationships, and business and industrial problems were prepared during the year. In these studies the research department coöperated with the state planning board.

Frank M. Byam is the manager of the research department.

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Schenectady Bureau of Municipal Research.— The Bureau continues to issue approximately twice each month its informative four-page planographed *Bulletin*. An unusual feature of this bulletin is the large number of cartoons, pictograms, and charts used to present graphically the significant facts revealed by the Bureau's investigations. The *Bulletin* of May 23, for example, contains a pictogram spread over the two inside pages showing the various taxes collected by the state in Schenectady County and the amounts received from the state by governmental units within the county for various governmental functions.

Other recent issues of the *Bulletin* contain an analysis of the turnover in subordinate personnel in the county offices following the change in factional control of the county board of supervisors and an analysis of some of the other political or patronage aspects of the county government.

The Bureau recently revealed the interesting fact that during the past thirty-five years Schenectady voters have repudiated the party in power fourteen out of seventeen elections (82.3 per cent of the time) by refusing to reelect its candidate for mayor. In the opinion of the Bureau this is some indication that more is needed for success in a city election than control of the city's patronage. It certainly suggests, as the Bureau points out, that the average voter in Schenectady demands something better than he has been getting in politics, and that "it would be good politics, good practical politics here for a mayor in power to try good government instead of relying upon patronage machines."

Municipal purchasing practices have been exhaustively studied by the Bureau. Prices paid by the city for many standard articles have been tabulated over a period of years and the quantity of various commodities and articles purchased during the past year compared with previous years. The allocation of purchases to various merchants has also been tabulated. For example, the Bureau finds that more than three-fourths of the city's drug business has been given to the ward president of the administration's factional organization in the city's largest ward. This druggist's prices averaged 73 per cent above those prevailing in the local market. The unsatisfactory purchasing situation has thus been clearly and forcefully revealed.

During 1934 the Bureau made several studies of police and fire department activities; studied the school budget, the teachers tenure law, and the use made of state aid; began a study of character education in the schools; investigated public welfare administration and finance; followed closely the fourteen divisions of the department of public works; prepared a great deal of material relating to the city manager form of government used in the campaign which resulted in the adoption of a city manager charter; and prepared reports on the county airport and the county sheriff's office. During the year newspapers gave wide publicity to Bureau activities and published on an average one column foot of such material every day.

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Hawaii Bureau of Governmental Research.—The current program of the Bureau, as outlined in its annual report released in June 1935, is as follows:

1. At the request of the mayor and the board of supervisors of the city and county, the Bureau is engaged in making a classification of positions and a new schedule of salaries for all of the offices of the city and county of Honolulu.

2. The director of the Bureau, Oscar Goddard, is assisting the territorial tax commissioner and the attorneys-general department in the drafting of rules and regulations for the enforcement of the gross income tax law passed by the 1935 legislature. At the Bureau's expense, Mr. Goddard made a trip to Mississippi, Washington, D. C., Indiana, and California to study the administrative procedures in use in these jurisdictions in the enforcement of sales and gross income tax laws.

3. At the request of the tax commissioner the Bureau is assisting in the reorganization of the tax department and the reassignment of duties of staff members to make possible the most satisfactory administration of the tax laws as revised by the 1935 legislature.

The Bureau's program for the next three-year period includes the following projects:

1. Further study of county government and extensive efforts to install modern methods and procedures.

2. An intensive study of the opportunities for constructive economy in the administration of the Territorial Government.

3. Perfection of the personnel classification system of the Territorial Government and extension of the principles of scientific personnel administration to county governments.

More than 250 taxpayers throughout the Territory are now members of the Bureau and contribute toward its support. Last year the Bureau spent approximately $25,000. The Bureau's report includes copies of recent letters from Governor Joseph Poindexter and Mayor George Wright of Honolulu, commending the Bureau for its work and thanking it for its assistance and help.

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Akron Municipal Research Bureau.—With the death of Fred M. Harpham, on June 12, 1934, the Akron Municipal Research Bureau lost its first president and chairman. He had served the bureau continuously since its organization meeting on November 16, 1914, which he as president of the Chamber of Commerce had called.

Dudley W. Maxon, lawyer and past president of the Chamber of Commerce, succeeded Mr. Harpham as chairman of the bureau committee. The policy of the Chamber has been to reappoint the same persons to membership on the bureau committee from year to year, the committee to direct the scope and activities of the staff and report its findings to the trustees and other committees for follow-up.

During the past year, the bureau director, H. G. McGee, has been loaned twice. Once he served the Commission on County Government, of which Charles P. Taft, 2nd, was chairman, and R. C. Atkinson was research director. On this assignment he made the study and report on county financial administration. The second out-of-Akron assignment was to the Ohio Government Survey, of which Colonel C. O. Sherrill is chairman, for the purpose of supervising the team studying the Ohio State Department of Finance.

Local studies and reports completed during the year included one on proposals to refund all of Akron's city debt, one on Akron's city debt retirement funds, one each on the city, county, and school general property tax requests for 1936, and two reports prepared jointly with the city director of public service and utilities commissioner on city garage service and service department salary schedules. An FERA study of real estate tax accounts for 1934 in Akron was started; most of the field data has been checked but the final analysis has not been made.

Among the findings of the reports on county government are: The number of persons in Ohio county finance administration tends to increase from an average of one to every 5,800 population in counties of more than

100,000 to one to each 2,600 population in counties of less than 20,000; that a single-headed finance department might well be substituted for the existing dual departments; that license-issuing be concentrated in one department so far as constitutional; that cities and school districts be given representation on the county budget commission which decides competitive claims for tax levies within limitations; that all funds received by county officers under color of office be given treasury protection; that cashiers be provided with a device which records each receipt on an inaccessible tape; and that the two statutory delays of five days each between invoice, resolution to pay, and payment of each claim be eliminated in charter or optional plan counties.

The report on the state finance department developed the fact that the department's machine-kept budgetary control records are systematically duplicated by pen-written records; that while a considerable care is taken to control commitments to spend, no such care is exercised with respect to revenues; that the executive budget, the appropriation act, and the annual financial report are not comparable without cumbersome reconciliations; that unrestricted general fund payments in 1934 amounted to only twenty-two million dollars of the one hundred and thirty-nine million dollars total payments from over a hundred funds; that the use of vouchers approved for expense offered opportunity for gross distortion of comparative annual costs; that assets other than cash were generally not accounted for; and that expenditure control was generally limited to three times in every two years instead of being constantly effective through allotment control.

*

Commonwealth Club of California.—The thirtieth annual report of the Club for the year 1934 was issued in June 1935. This report summarizes the meetings and other activities of the Club's thirty sections. All but five of these sections are directly concerned with matters which are definitely within the purview of either the state or the state's local governments. Those sections concerned with the administration of justice, civil service, education, governmental finance and taxation, municipal government, as well as several others are studying the same problems which are receiving the attention of governmental research agencies throughout the country.

During 1934 the people of California ratified an amendment to the state's constitution providing for an appointive judiciary. Since 1912 the Commonwealth Club has been advocating and working for this objective. An appropriation by the Club of $1500 and the coöperation of the State Chamber of Commerce, League of Women Voters, Bar Association, American Legion, and Federation of Women's Clubs resulted in notable victory at the polls.

The Club does not endorse candidates for political offices but it does take a poll of its membership on the constitutional amendments which are proposed from time to time. Last year the Club's verdict on the sixteen measures of this kind which it studied and voted upon was the same as the vote of the people of the state with but a single exception.

During the year there were twelve issues of the *Commonwealth Club Transactions,* each number dealing with a single topic. Topics thus reported on included "The State Deficit," "Courts and Crime," "Port Control," "The Townsend Plan," "Selective Immigration," "State Financial Problems."

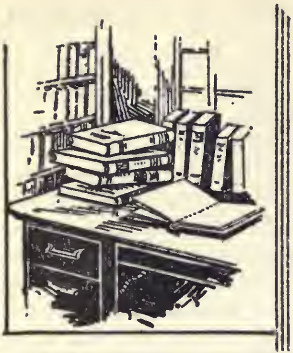
THE CASE OF MR. NAHOUM

(Continued from Page 418)

tion and elasticity. New techniques of administration are essential to the solution of this phase of the problem.

Finally, Mr. Nahoum leads us to query how long before we shall cease viewing relief as a temporary problem to be solved by temporary measures that contribute nothing to a permanent solution. Practically every expert on public welfare administration in the country agrees as to the relative permanency of the problem of unemployment. It is time we recognized this —not only in our governmental budgets—but in our social and economic planning, which in the last analysis means governmental planning.

H. P. J.



RECENT BOOKS REVIEWED

EDITED BY GENEVA SEYBOLD

Cases on Municipal Corporations. By Murray Seasongood. Chicago, Callaghan and Company, 1934. 713 pp. $6.00.

Readers of the National Municipal Review have long known Murray Seasongood as a courageous and colorful civic leader. His achievement in arousing Cincinnatians to revolt against a corrupt and tyrannical political machine is common knowledge, and many of us know the wit and eloquence which he brought to that illustrious accomplishment. Most of us never expected of him anything so humdrum as a case-book on municipal corporations. It seems, however, that when he is not reforming Cincinnati or Hamilton County or being President of the National Municipal League or practicing law, he teaches municipal corporations at the University of Cincinnati Law School. And not content to serve his students the old rehashed cases which have been the stock in trade of teachers of municipal corporations for a generation, he has prepared for their use an up-to-date case book.

It scarcely needs to be said that his work has been done competently. The book is intended for use in a thirty-hour course and is therefore relatively brief. Such a collection of cases inevitably tends to emphasize the particular ideas of arrangement and selection of the author more obviously than a more comprehensive collection would do. To criticize Mr. Seasongood's collection on this ground, however, would be merely to assert one's personal opinion. No two teachers agree as to the content of any such course as municipal corporations. The subject is in a state of rapid transition, and Mr. Seasongood's view of the subject-matter and arrangement of a course is entitled to great weight. There is nothing about it to impair in the slightest degree the usefulness of the book for classroom purposes.

As a teacher of municipal corporations himself for several years, the reviewer confesses to a sentimental melancholy over the absence of some of the old standbys he has been in the habit of using. But that only proves the reviewer to be something of an old fogy. Mr. Seasongood's cases present the law as it is rather than as we old timers used to think it was. He is to be congratulated for turning out a useful and practical work which will deserve to have wide use in our schools of law and our schools of public administration.

Thomas H. Reed

*

The Place of State Income Taxation in the Revenue Systems of the States. Report of a Committee of the Tax Policy League. New York. Tax Policy League, 1935. 16 pp. twenty-five cents.

Two years ago a committee of the National Tax Association headed by Professor Bullock and counting among its members several other well known writers in the field of taxation (Professors Lutz and Fairchild) and persons concerned with taxation in a practical way, prepared a comprehensive report on a Model System of State and Local Taxation. In that report the committee recommended, among other things, that the personal income tax be adopted by all states because this tax is best fitted to carry out the principle considered essential by the committee that "every person having taxable ability should pay a direct tax to the state in which he is domiciled and from which he receives the personal benefits that government confers." It recommended a mild graduation of the rates, rising to 6 per cent, low personal exemptions amounting to $600 for a single person, $1,200 for husband and wife, and $200 for each child, and a filing fee of $2.00 to be paid by all adult citizens.

Now a committee of the Tax Policy League, another organization interested in tax problems, proposes that state income taxes be extended far beyond the limits indicated by the other group. The committee, comprised of Professors Simpson (its chairman), Blakey, Groves, Jensen, and Martin, hold the personal income tax to be far superior to the property tax, from an administrative as well as an economic point of view, and insist that this tax should be developed to a point where it would produce at least as much revenue for the state and local governments as does the property tax. It takes sharp issue with the other group on a number of points affecting both the principles and organization of the income tax. Its criticisms are not always just, as, for example, when it charges the other group with a tendency to regard the personal income tax as a benefit tax rather than an ability tax. Likewise, it implies without adequate foundation that the other group assumes that the state and local governments must continue *indefinitely* to derive the chief portion of their revenues from the property tax and to use the income tax only as a minor source of revenue.

The committee of the Tax Policy League recommends a much steeper progression of rates than that suggested by the National Tax Association's committee. The states having an effectively administered income tax should have rates running from 2 to 15 per cent, those with a less effectively administered income tax or those that have adopted this tax only recently should have rates of 1 to 7 per cent. Eventually, acording to this committee, all states should have an income tax with rates running up to 30 per cent. The committee's recommendations as to the reduction of personal exemptions do not differ much from those of the other group, but they do not include the proposal of a filing fee. The Tax Policy League's committee differs most emphatically with the other group in its recommendations as to the definition of the situs of the taxable income. It condemns the present system under which the domicile of the recipient of the income is accepted as the situs of his income and he is taxed by the state of his domicile upon his entire income including that earned in other states. It takes this view on the ground that this system imposes hardships on the poorer states which have a large proportion of absentee owners, and it suggests a gradual transition towards a system of taxation by each state merely of the income earned within its boundaries. Needless to say, taxation on that basis could be adjusted to ability to pay only if administered by the federal authority for the benefit of the states. The committee fails to make this clear.

The principal value of the report lies in the emphasis which it places upon the need for further development of income taxation in our state and local revenue systems. The report deserves the attention of all students of taxation, and should be read in conjunction with the National Tax Association Committee's report. A discriminating reader will get a better comprehension of the subject by comparing these two rather divergent discussions.

The Tax Policy League has rendered a public service in bringing together the aforementioned five able students of taxation in a deliberation of a tax question of great current importance and in making available their conclusions to the general public.

Paul Studenski

New York University

*

A Study of Local Government in the Metropolitan Area Within the County of Los Angeles. By the Los Angeles Bureau of Budget and Efficiency. 1935. 300 pp.

This is principally a descriptive analysis of the prevailing governmental set-up of that part of the Los Angeles metropolitan region located within Los Angeles County. In the functional analysis emphasis is placed upon the incidence of costs, variations in standards of service, and interrelationships among the different municipalities and other governmental units of the area.

The Bureau commits itself to no single solution of the problems of the region, but outlines a series of steps which might be taken to relieve the taxpayers of the city of Los Angeles of what is said to be an unfair proportion of the costs of government of the entire region. This condition arises from the existence of smaller municipalities and unincorporated communities which receive a variety of municipal service from the county which, in turn, derives over one-half of its revenues from the taxpayers of the central city.

Mayor Frank L. Shaw, in transmitting the report to the city council, declared that he would appoint a committee of citizens, as suggested by the Bureau, to examine the accumulated data and decide upon a specific course of action. The alternatives open to such a committee as outlined in the report are functional consolidation on an area-wide basis, city-county consolidation, city-county separation, relief of property within the city from county taxation, and provision for special levies upon property of unincorporated areas and peripheral municipalities for municipal services, or the abolition of county government and the division of the state into administrative regions with state administration of all governmental services in unincorporated areas and also in incorporated cities upon payment of the cost of such services.

V. O. Key, Jr.
University of California at Los Angeles

*

Welfare, Relief and Recovery Legislation, Federal and State, 1933-34. By Marietta Stevenson and Susan Posanski of the American Public Welfare Association. Chicago, Public Administration Service, 1935. 33 pp. Twenty-five cents.

A revision of the 1933 report upon the same subject bringing up to date digests of the mass of federal and state legislation designed for relief of the unemployed. The year 1933-34 saw the federal government coming to the aid of local communities which until that time had borne almost wholly the burden of poor relief. The legislation passed by federal and state governments evidenced a growing realization of the importance of long time planning for meeting continuing relief needs.

*

Trained Personnel for Public Service. By Katherine A. Frederic. Washington, D. C., The National League of Women Voters, 1935. 54 pp. Twenty-five cents.

Of the national organizations working for expansion of the merit system in public service, the National League of Women Voters has been outstanding for many years. It is now in the midst of an intensified campaign and this study by Miss Frederic supplies local groups not only with ammunition of facts relative to present public personnel policies but presents plans for action. It will be found very helpful by any citizen group seriously interested in bringing about better administration of governmental services.

*

Shelter Care and the Local Homeless Man. By Alvin Roseman of the American Public Welfare Association. Chicago, Public Administration Service, 1935. 56 pp. Fifty cents.

For an inside, too vivid-for-comfort picture of the lot of the homeless, penniless, non-family man, this study is recommended. In Chicago, Minneapolis, St. Paul, Cleveland, and Cincinnati the author visited shelters at all hours, day and night, talked with the men and interviewed staff members and others.

In the vast confusion of setting relief wheels in motion, families and unattached women received first attention. Men without families were treated, without classification, as "shelter bums" with resultant loss of practically all self-respect.

As a result of Mr. Roseman's observations and recommendations, Illinois inaugurated a new method of caring for this neglected group. The study is presented in the hope that it may be helpful to other states since the problem is not local but country-wide.

*

A Model Tax and Revenue System for the State of New York. Memorandum in Support of Senate Int. No. 982, Print No. 1095. By Charles J. Tobin. Albany, 1935. 80 pp. (Accompanied by text of bill, 300 pp.)

This represents a very carefully devised revenue system and the author who has been a former counsel to the New York State Tax Commission brings to his undertaking an intimate knowledge of the New York State tax situation.

The study contains much valuable information on existing conditions and many sound recommendations for improvement. Whether, however, the adoption of the plan as a whole for New York State would represent tax progress or the reverse is open to serious question.

Some of the more important changes which Mr. Tobin recommends are as follows:

A tax on every business corporation based on its gross earnings. What the rate shall be is determined by the percentage relationship that its net earnings bear to its gross earnings.

A sales tax which will include all transfers of goods and services. The rate of the tax is not, however, the same for all transfers. For example, on sales of motor vehicles, jewelry, cosmetics, and other so-called luxuries and upon the sales of stocks, bonds, and securities, the rate is 2 per cent; on sales of food, drugs, apparel, etc., the rate is 1 per cent; on sales of gasoline and other motor fuel, the rate is made three cents per gallon; on sales of transportation by boats, motor buses, or motor trucks, the sales tax is one cent per mile for every mile operated by the boat, truck, or vehicle within the state.

Concerning distribution of revenues the author recommends that all revenue from sales, inheritance, and personal income taxes, up to $200,000,000 ($250,000,000 for the fiscal year beginning July 1, 1935), remain in the state treasury, as part of the general fund. The remainder is to be returned to the localities on the basis of population, to help reduce existing local indebtedness; after that, to be applied in relief of the real property tax burden.

COUNTY GOVERNMENT AND MEDICAL RELIEF

(Continued from Page 477)

appendix. The social worker, even a thoroughly experienced one, cannot be expected to assume the responsibility for exercising a veto on requests for medical care. The old rough and ugly county physician exercised a sort of veto in a crude and most unsatisfactory way. But the services of the high class physicians, extended with courtesy and competence, are delightfully flattering and attractive to indigent people on relief rolls, and they want more and ever more of it. The doctors themselves are in an awkward position. Their ethical standards, developed in connection with a fee system, leave them no way to put an effective curb on needless calls and county officials have found no other way of applying restraint themselves in the absence of an objective measure of what is adequate. In the meantime many a county governing board views with alarm, and trembles for the future, as the costs of medical relief steadily mount upward.

KENTUCKY GETS A PRIMARY LAW

(Continued from page 480)

The election under the new law, early in August, caused no trouble for the Republicans who nominated their organization candidate with an easy majority. But the expected happened in the Democratic camp, where the contest was very bitter. Five candidates split the vote in such a way that neither Thomas S. Rhea, the organization candidate, nor Lieutenant-Governor Chandler secured the necessary majority of the total vote. The run-off primary will be held on September 7, with the three low contestants eliminated. It gives promise of being one of Kentucky's most hotly contested elections in a state where hot elections are the rule. The independent vote, both within and outside of the parties, seems to favor Chandler, which will be an advantage to the Democrats if Chandler receives the nomination. If Rhea, the organization candidate, should defeat Chandler, the general election for governor will be no foregone conclusion.

It would seem that Kentucky's initial try at the double-barreled primary may lead to a defeat of the Democratic organization candidate, a thing which would have been impossible under the Kentucky convention system of nomination.

NATIONAL MUNICIPAL REVIEW

OCTOBER ✦ 1935

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LENT D. UPSON

Ohio County Charter Proposals
R. C. ATKINSON

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ELLEN C. POTTER, M. D.

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SIDNEY DETMERS

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ALBERT H. HALL

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THE LEAGUE'S BUSINESS

Conference Program Taking Shape.—One of the most interesting meetings the National Municipal League has ever held is expected to take place this year at the Biltmore Hotel in Providence, R. I., November 25 and 26. If you have not already done so, be sure to set the dates aside on your calendar.

From the standpoint of old members of the League, the conference will be a combination of old and new problems. Former Governor John G. Winant of New Hampshire, chairman of the Social Security Board, will be there to discuss the momentous problems involved in the organization and administration of the social security program. Since Providence and New England are particularly interested in the problems of reorganizing state government and city government to increase the efficiency with which they are operated, there will be considerable emphasis on these subjects. Governor Green of Rhode Island will be there to speak on the problem of reorganization in his own state and others prominent in this field will participate in this phase of the program.

Group sessions will be held on the subjects of unemployment relief administration, the problem of developing new sources of revenue for both local governments and states, the movement for tax limitation and the problem of public debt. At this latter session John Linen, second vice-president of the Chase National Bank, will preside. Lent D. Upson, director of the Detroit Bureau of Governmental Research, will discuss "The Effect of Federal Relief Policy on Municipal Debt" and Dr. Frederick L. Bird of Dun and Bradstreet will speak on "The Present Debt Burden and Debt Policies", among others.

On Monday night, November 25, at the annual Proportional Representation League dinner, Judge Samuel Seabury of New York will speak on the problem of making government representative. Tuesday afternoon there will be a session on "Better Government Personnel" with Leonard D. White, United States Civil Service Commissioner, and Luther Gulick, director of the Institute of Public Administration, speaking. Dr. Harold W. Dodds, president of the National Municipal League and president of Princeton University, whom Providence has been trying to get to speak for some time, has consented to speak at the annual banquet of the League, Tuesday night, November 26.

Reports from New England indicate a greater regional interest in the meeting of the League than has ever been the case before as early in the year as this.

* * *

Baldwin Prize Awarded.—The Baldwin Prize of one hundred dollars, presented each year by the National Municipal League, has this year been awarded to Miss Gladys Ogden, student at Bennington College, Bennington, Vermont. Miss Ogden's essay was entitled "The Present Status of the Town Meeting".

Second to fifth places, respectively, were awarded to Laurence L. Barber, Jr., of Harvard University, Louis W. Goodkind of Yale University, Lyman H. Cozad of Ohio University, and W. Donald Heisel of DePauw University. Honorable mention was accorded Virginia J. Canavan of Vassar, Frank M. Landers of the University of Michigan, Robert E. Pickup of Brown University, Luke M. Smith of the University of California at Los Angeles, and Benjamin C. Stanczyk of Wayne University.

Judges for the 1935 contest were Professor Edgar Dawson of Hunter College of the City of New York, Professor Rinehart J. Swenson of New York University, and Howard P. Jones, Secretary of the National Municipal League.

The Baldwin Prize, awarded annually since 1911, has been contributed by the late Mrs. George Burnham, Jr., of Philadelphia and is now being continued by her family. It is given in memory of William H. Baldwin who, previous to his death at the age of forty-one, had rendered a large public service.

* * *

You and Your Government.—Series XII of YOU AND YOUR GOVERNMENT programs, devoted to "Planning", is now being presented each Tuesday evening at 7.45 to 8 o'clock, eastern standard time, over a nationwide network of the National Broadcasting Company. Speakers and topics for coming broadcasts are as follows:

October 15—"The Best Use of the Land." M. L. Wilson, Assistant Secretary of Agriculture.

October 22— "The Economic Value of American Scenery." Horace M. Albright, former Director, National Park Service; Vice-President, American Planning and Civic Association.

October 29—"Head Waters and Other Little Waters." Morris Llewellyn Cooke, Administrator, Rural Electrification Administration.

November 5—"A National System of Transportation." Thomas H. MacDonald, Chief, United States Bureau of Public Roads.

November 12—"Who Owns Our Roads?" Harlean James, Executive Secretary, American Planning and Civic Association.

November 19—"Regional Planning—The T. V. A. an Example." Arthur E. Morgan, Chairman, Tennessee Valley Authority.

Howard P. Jones, *Secretary*

Editorial Comment
◆
October

NATIONAL MUNICIPAL REVIEW

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Tax Limitation With a Vengeance

ONE of the interesting points in the discussion of the problem of tax limitation that seems to elude most casual inquirers into the subject is the fact that any given overall limit, such as two per cent, actually results in a limit much more drastic than two per cent in a substantial portion of the area involved. Since this further reduction is completely artificial and unrelated to the varying service requirements within the area affected by the limitation, it indicates the absurd length to which an arbitrary solution to a problem of this character may go.

Paradoxical to say the least is the statement that a two per cent limitation is not a two per cent limitation but the paradox is created by the necessities involved in the application of the limitation. To take an extremely simple case of overlapping governments, let us look at the typical county-town-school district combination that is common to many of our states.

The uniformity rule in taxation requires, of course, that every piece of property in a given taxing jurisdiction be taxed at the same rate. Yet if we have ten school districts in a town (or township) and ten towns in a county, the expenditure requirements of the school districts will vary considerably as will those of the towns. This means that the tax rate of the town must be regulated in accordance with the highest school district rate within it and the tax rate of the county must be adjusted in accordance with both the highest school district rate and the highest town rate in the county.

Thus if one school district in a town requires a rate of one per cent and another one-half of one per cent, and one town in the county requires a rate of three-fourths of one per cent and another one-fourth of one per cent, the county rate will be the difference between the total of the two highest rates and two per cent, or, in this instance, one-fourth of one per cent. Yet it may well be not only that the county needs more money than would be thus provided but that in the areas which have a low school district rate and a low town rate there may be as much or more need for county services as exists in the higher rate school districts and towns. With a county rate of one-fourth of one per cent, arbitrarily limited by the high rate areas of the smaller units of government, the two per cent limitation may actually result in forcing upon other areas a one per cent limitation or worse.

Since the county government, as the

largest unit of the three under consideration, is the unit most able to distribute the tax burden fairly, making the wealthier areas help the poorer areas, this phase of tax limitation results in a heavier sacrifice in the areas least able to make such sacrifice: quite the opposite of what is socially desirable.

The more units of government in a given area, of course, the more serious this problem becomes. In one section of Nassau County, New York, there are 21 different units of government levying taxes on the same piece of ground, not counting federal, state and county government. "Chaos" is the only word to describe the results of attempting to apply an overall tax limitation to such a situation. And this is not at all to justify the situation! It needs correction and needs it badly. But arbitrary tax limitation would simply result in making an already bad situation worse. The remedy lies in reorganization, elimination of overlapping governments and the establishment of adequate budgetary control to enable the taxpayer to determine what services he requires and how much he is willing to pay for them.

Waiting for Social Security

In connection with the inauguration of a social security program, not the least of the many serious questions that arise has to do with the social unrest and dissatisfaction that is likely to take place during the gap in time which is inevitable between the launching of the program and its helpful effect upon the population. There will be, that is, a definite interval between the time that a person starts contributing money to such a program and the time when he and his associates will begin to see some benefit to themselves. This has been the experience of other nations which have launched social security programs and it may be our experience as well.

It should be recognized, however, that in America life insurance and other forms of insurance have been developed under private enterprise to an extent not dreamed of in any other nation. Unemployment relief administrators, for example, report that by far the greater percentage of individuals on relief had insurance policies of some kind. It is probable the percentage is much higher among those not on relief. Consequently, we are accustomed to paying out sums of money over long periods of time in anticipation of benefits to be received.

This is not to minimize the seriousness of the problem involved but to indicate that the new social security administration, with carefully developed plans for widespread explanation and education, should be able to anticipate any difficulty of this character. In his own state, former Governor John G. Winant of New Hampshire, whom President Roosevelt has appointed to head the new Social Security Board, has done a splendid job, not only of administration but of public education in connection with the initiation of experiments in government in his own rock-ribbed state and the adoption of new techniques of administration. His experience there should be invaluable in piloting the government through the kind of shoals which may lie ahead.

Local Government Finance in the Depression

Tax delinquency responsible for curtailment of revenues—which in turn has necessitated reductions in services and salaries and even defaults on bonded debt

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THE financial effects of the depression upon local governments must be measured by economic standards—largely in terms of immediate revenues, expenditures, and debts. The more far-reaching results are imponderables which do not lend themselves to even approximate calculation. It would be a reckless prophet who would project tomorrow's financial burdens that will be imposed upon organized governments by today's private and public retrenchments: the future cost of present abbreviated or discontinued services, the results of accrued depreciation on public works, the welfare activities that will be necessary because of present under-nourishment and neglect, the police service required to cope with a generation of young persons many of whom have acquired neither general education nor knowledge of a trade but who have "seen the world" from gondola cars and "blind baggages", the general failure to make a stitch in time save nine.

The federal government has put many millions into poor relief that could not or would not be assumed by the state and local governments; even more millions have gone into "pump priming", a process of offsetting the drying up of private and other public expenditures. It is perhaps unfortunate that some of this cash could not have made it possible for local governments to maintain public services at something like the standards required for decent community living so that the future social consequences of economy might have been avoided. But it is easy to comment on the plans of a battle after it has been fought, and it is the purpose here to discuss the immediate effects of the depression upon the finances of local governments, not the social and financial consequences in the offing.

The first mandatory result of the depression was governmental economy. The extent of this "drying up" process can never be accurately known, since governmental reporting is of such a low order that reliable statistics cannot be made available. The only attempt at a complete enumeration of revenue receipts and governmental cost payments of the 167,000 tax-raising units of government in the United States is the Bureau of the Census' Financial Statistics of State and Local Government, 1932" ("Wealth, Public Debt and Taxation"). This enumeration is decennial and so cannot indicate the change in current financial position from the probable peak year of 1930. Moreover, more than half of the data included, including those from the largest states, relate to a fiscal year more or less coinciding with the calendar year 1931, at which time governmental retrenchment was only beginning. This tax figure for what may be called the year 1931, was $6,357,000,000 in receipts from taxes plus $2,494,000,000 from miscellaneous sources, or a total of $8,851,000,000. These figures can only serve as a check on unofficial estimates for that year and deviate only $226,000,000 from the estimate of the National Industrial Conference Board.[1] If prior estimates were as close, then the collected taxes of state and local governments were at a peak of $6,800,000,000 in 1930 and declined to about $6,211,000,000 in 1932. This is not a serious shrinkage but there is a strong presumption that the decrease in revenue receipts was accelerated in 1933 and 1934.

These are meager general data for which there is no present remedy. They can only be supplemented by isolated examples of retrenchment that will indicate its general extent.

For the nineteen larger cities, J. L. Jacobs and Company concluded that in 1935 expenditures for ordinary municipal services were 20.4 per cent below those of 1931. Debt service had been reduced 3.1 per cent. There are indications discussed later that this reduction is a fairly consistent average for smaller municipalities and that the cost of operating local governments has decreased about one and a quarter billion dollars from its peak.

The obvious cause of the decline has been the firm reliance of local government for income upon ad valorem taxation. Sixty-five per cent of total revenue receipts of local government, exclusive of states, comes from taxes on general property. This is really an understatement since total receipts include special assessments, grants, earnings, and other similar items. If these items are eliminated, then real estate taxes account for 93 per cent of revenue receipts, something of an over-statement.

Because of shifting valuations it is difficult to determine precisely whether recent economies are the result of lower taxes or of unpaid taxes. It is probable, however, that there has been a slight increase in tax rates during the depression which has been more than offset by lower assessments, leading to the conclusion that reduced local expenditures have been due largely to tax delinquency. C. E. Rightor, in his analysis of the annual tabulation of tax rates for cities of over 30,000 population made by the Detroit Bureau of Governmental Research, notes that for 217 comparable cities in the United States that reported both in 1933 and 1934, average total rates had increased from $34.30 to $34.56, or 26 cents. This upward trend was contrary to that reported the year previous when a decrease of 85 cents was reported. This recent increase in rates was accompanied by an even larger percentage decrease in assessed valuations. This decline for the same 217 comparable cities was from $67,334,000,000 to $63,011,000,000, a shrinkage of $4,323,000,000, or 6.4 per cent.

These changes are not significant and force the conclusion that although assessed values have been reduced, the amount of taxes levied has held fairly steady throughout the depression. Reduced income with its concomitants of rigid economy and frequent default, has resulted from failure of property owners to pay the levies imposed. There are, however, instances in which local governments have made drastic reductions both in tax rates and assessed valuations, usually accompanied by equally drastic economies and a revision of the debt structure.

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[1] National Conference *Bulletin,* Vol. VIII, No. 4, April 20, 1934.

TAX DELINQUENCY

The two available studies of tax delinquency are those made by the Bureau of the Census in 1934 on levies made in 1932-33, the delinquency ordinarily being taken as at December 31, 1933;[2] and that of Dun and Bradstreet for larger cities during the five years, 1930-34.[3]

The Census study covered part or all of the counties of each state and many cities and minor units of government. This study was sufficiently complete to permit an estimate that of a levy of $4,415,187,000 for 1932-33 there was a delinquency of $909,465,000, or 20 per cent. As might be expected, these delinquencies had a marked range. In the New England states with severe collection laws and a traditional attitude favorable to the payment of taxes there was a current delinquency of only 8 per cent. The highest rates of delinquency were found in the western agricultural states that had been affected by drouth and in the northwestern area which had suffered both an agricultural and industrial depression. In this latter area a maximum delinquency rate of 34 per cent was reached.

A significant feature was not the total delinquency of the year, but the growing trend of delinquency. Tax records seldom permit a determination of the amount of delinquency on the tax levy of a particular year at the end of each of a number of fiscal periods. However, in studying the returns from many thousands of taxing units, it was possible in a large number of instances, including cities, villages, and counties, to determine the levies for each of five prior years and the per cent of delinquency at the end of each of these years. These data permitted a comparison not only of current delinquency at the end of each taxpaying year but also of what was happening to the delinquencies as the years went on during which it might be assumed that normal penalties including tax sale might be applied. Consolidating these data into a single table, it was found that while only 6 per cent of the levy of 1928-29 was delinquent at the end of one year, the levy of 1932-33 showed a delinquency of 17 per cent, or roughly three times as much. It is equally significant to note that at the end of two years the levy of 1928-29 showed a delinquency of less than 3 per cent, while the levy of 1931-32 showed a delinquency of 8 per cent after the elapse of the same period.

Dr. Frederick L. Bird's study of the five-year trend in tax delinquency from 1930 to 1934 inclusive, in cities of over 50,000 population, indicates this same rapid growth in non-payment of taxes during the depression period. For these cities the median is in excess of 25 per cent in the peak year of 1935, rising from what may be called a normal 10 per cent in 1930. The data for each of these cities in detail indicate, as do the census data, a wide variation in collection experience. A number of factors, doubtless, contribute to this variation, the principal one of which is no doubt the economic stability of the communities themselves. But scarcely less important is the attitude of the public toward its obligation to pay taxes as that attitude may be influenced by taxpaying habits, confidence in administrative officers, and particularly the legal pressure for the payment of taxes. It is a well established fact that those states having severe penalties are the ones in which taxes are paid, a fact supported by both the Bird and the Census studies.

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[2] Lent D. Upson and Leo Day Woodworth, *Urban Tax Delinquency*, 2 vol. mimeo., Bureau of the Census, 1934.

[3] Frederick L. Bird, *The Five Year Trend in Tax Delinquency, 1930-34;* cities of over 50,000 population. New York, Dun & Bradstreet, 1935.

There has been a decided upward trend in collections during the year 1934. In most cities, 1933 marked the peak of non-payment. The trend of this improvement is confusing and indicates that a number of factors have influenced it—local improvement in business and employment, payment of taxes by the Home Owners Loan Corporation and banking institutions in the hands of receivers, pay-your-taxes campaigns initiated by local officials, and to some extent modification of the collection procedure.

LEGISLATION AFFECTING TAX COLLECTIONS

As a result of wholesale non-payment of taxes constituting in effect taxpayers' "strikes," there has been a wave of state legislation designed sometimes with the mutually antagonistic purposes of stimulating tax payments on one hand and of making it easy to avoid payment on the other.

The first effort of this legislation was to extend the period between the date when taxes were due and when penalties were imposed. Only seventeen states now require that taxes be paid within three months from the due date, which is six fewer states than in 1930. Three states allow more than thirteen months during which taxes may be paid, meaning that one levy becomes due and payable before the previous one finally assumes a penalty. These long periods of grace are political concessions that have obviously contributed to the financial difficulties of minor units of government controlled exclusively by state law.

On the other hand, there has been a decided trend toward semi-annual or quarterly payment of taxes in an effort to stimulate collection. Prior to 1930, twenty-seven states provided for installment payments, fourteen have been added to the list during the depression, making a total of forty-one. In few instances has the accounting and billing procedure been developed to permit full use of the partial payment plan. But at last official opposition to such procedure has about ceased and it may be expected that in the years to come the methods will be greatly developed and improved.

The imposition of penalties has created the greatest difficulty. While endeavoring to stimulate collections by partial payments and even permitting local governments to go into the savings bank business as a means of accumulating taxpayers' cash that it may be available for payment, states have been constantly lowering the penalties which constitute the one sure method of insuring payment. Some of these penalties have been outrageous and should have been lowered. But when a citizen can borrow money from his government at no greater rate of interest than from his bank, it may be expected that he will do no bank borrowing to keep himself out of debt to his government. In the past three years thirty-one states have reduced the penalty rate.

Similarly, there has been a tendency to defer or entirely to omit the tax sale. Ordinarily, in important communities tax-title buying has been in the hands of professional buyers interested in securing a quick turnover of investments and by no means desiring to get into the real estate business through the actual acquisition of properties. The bank crisis so reduced the quantity of funds available for these operations and the deflation of real estate values so decreased the security offered that tax-title buyers have ceased to operate on any large scale. Thus, cities and other governmental units have been denied the cash by which they ordinarily met the gap between tax levy and tax collection.

Also, the failure to sell delinquent

properties to title buyers has removed a principal incentive to the delinquent property owners to pay taxes after the sale has been consummated. When not sold to private individuals tax liens on delinquent properties are ordinarily purchased by the local governments concerned and politics prevent any genuine enforcement of the liens. In fact, there is much confusion as to actual responsibility for the ownership of such liens as among units of government levying overlapping taxes. Thus, the redemption period although it may be designated by law becomes so indefinite as to exercise no real effect on the eventual payment of taxes.

Pressure on taxpayers has been further lessened by legislation permitting the amortization of delinquent taxes over a period of anywhere from three to ten years provided the delinquent taxpayer will make a payment in earnest. Prior to 1914, only three states permitted this method of paying delinquent taxes. By 1933, twenty-three states did so. On the whole, it is fair to say that this legislation has had a beneficial effect on collections and has reinstated a large quantity of property in good standing. However, such legislation has the inherent danger of lessening the pressure on the collection of current taxes since taxpayers are led to believe that if there is a sufficient amount of delinquency remedial legislation will be enacted. A number of states have attempted to forgive or reduce delinquent taxes but usually such legislation has been defeated, and in one state (Minnesota), declared unconstitutional. Arkansas, however, succeeded in enacting a measure accepting one levy as payment for three levies.

REDUCTION IN MUNICIPAL SERVICES

The first effect of curtailment of public income has been a reduction in municipal services, reduction in salaries, placing of services on the short week basis, and other expedients designed to keep costs within income. It is impossible to get a complete picture of the reduction of important municipal services. We do know that such nonpolitical activities as education have been severely curtailed. In fact, the FERA in 1933-34 extended aid to rural schools in thirty-three states, at a cost of $14,583,659, and in 1935, to twenty-one states at an approximate cost of about $9,000,000.

With respect to salaries, a tabulation is available of the extent of reduction in salaries and wages made in cities of over 30,000 population.[4] From this tabulation it appears that Baltimore was the only city of over 500,000 population that came through the depression without reducing the pay of employees anywhere from 5 per cent to 30 per cent. Not a single city in the group between 200,000 and 500,000 population escaped these cuts and only a scattering of smaller cities were so fortunate. Out of 310 cities of over 30,000 population, 252 reported salary cuts. Fourteen did not reduce salaries after 1930. One hundred and ten of the 238 cities that did cut salaries have not restored salaries in whole or in part. In addition, many employees were paid (wholly or partially) in scrip or warrants, which they may be a long time in cashing or must cash at a discount. Rural school teachers were particularly affected by this practice.

DEFAULT ON FUNDED DEBT

It is curious that communities in financial distress choose to default to employees in the payment of salaries before defaulting to bondholders in the payment of debt service. It is a favorable commentary on respect for obligations that those governments that did default have with few exceptions made reasonable efforts to meet the requirements of their creditors.

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[4] *Municipal Year Book, 1935,* International City Managers' Association, pp. 204 *et seq.*

It is difficult to say exactly what constitutes a default. There are approximately 167,000 units of government in the United States that have authority to levy taxes and/or incur debt. Within these units a default may involve unpaid bills, unmet pay rolls, issuance of scrip, warrants or notes, non-payment of special assessment bonds that are liens against specific properties, and non-payment of general obligation debt of several specific types. A unit of government may be in default on one type of debt and not the other; it may be in default on interest and not on principal; or a renewal of debt agreements, particularly of the short-time variety, may be made by creditors in order to prevent actual default. Defaults on bonded indebtedness or on the notes of important governmental agencies are of course known, but failure to meet obligations by insignificant school districts or special purpose districts may never reach the printed page. Also, the situation is constantly changing due to refunding or other adjustments with creditors.

On March 1, 1935, the *Bond Buyer* had official or unofficial reports covering 3,067 defaults located in forty states. The New England states were free of defaults except for one town in Maine. Other states that had no default records were Delaware, Maryland, and West Virginia. The state with the heaviest record of default was Florida, followed at a respectable distance by North Carolina, Louisiana, Michigan, Arkansas, Ohio, Texas, Illinois, California, and New Jersey, in the order named. The defaults in the remaining states were relatively few. A number of states have had an insignificant number of defaults and should scarcely be included in this list, notably Georgia, Montana, Nevada, New York, Virginia, Wisconsin, and Wyoming. In all, one state (Arkansas), 359 out of 3,057 counties, 870 out of 16,389 towns, and 769 out of 125,627 school districts were involved.

One is impressed by the limited number of defaults and the fact that the funds involved were probably less than 5 per cent of the total obligations outstanding. Only two first class cities were involved, Detroit and Cleveland, and in all out of 310 cities of over 30,000 population, defaults are on record for only twenty-nine, with solutions in sight for most of them.

At one time it was thought that federal bankruptcy legislation was essential to enable cities and other local governments to make adjustments with their creditors. Accordingly, after acrimonious controversy, the so-called Sumner-Wilcox Act was passed by Congress. By it, with the consent of a state legislature, a federal court may enforce a compromise agreement that has been approved by a defaulted unit and 80 per cent of its creditors. A number of states have authorized the use of this act, but possibly because it stands a constant threat to recalcitrant bondholders, it has been used in few instances.

While in some instances there have been compromises as to the amount of the debt, ordinarily the capital structure has been maintained intact with an extension of the period over which the debt must be paid, thus reducing annual debt charges, and sometimes there has been an adjustment in interest rates. Whether these refundings will be permanent or are merely adjustments preliminary to an eventual scaling down of interest rates, only the future can decide. In most instances the extension of these debts must result in the payment of greatly increased sums for interest charges. For example, the Detroit refunding involves $300,000,000. The exact amount of additional payments on account of interest cannot be calculated, but the nearest approach to it is an under-statement of $124,000,000. Also, these refundings have leveled off debt service based on an estimated capacity to pay and as a result these cities may be estopped for many years from issuing new debt with which to pay for the replacement of present improvements and necessary new improvements. Fortunately, these refunded bonds are frequently "callable" and cities are already recalling their refunded issues and replacing them with bonds bearing interest at existing low rates. By this process otherwise excessive interest payments on refunded bonds can be at least in part avoided.

Adjustment of debts has frequently been accompanied by marked decline in assessed values by which the debt must be supported. The total assessed value of the country at its peak (which may not have been the same year for each state) was $176,157,141,000. The total assessment upon which levies were made for 1933-34 was $144,153,766,000, a decline of $32,000,000,000, or 18 per cent. This decrease has not been uniform. In the eight states that have incurred the greatest number of defaults, the decrease in assessments from peak has been by the following percentages: Arkansas, 28.2 per cent; Florida, 18.9 per cent; Illinois, 33.8 per cent; Louisiana, 18.9 per cent; Michigan, 28.0 per cent; Ohio, 11.8 per cent; North Carolina, 33.8 per cent; and Texas, 26.1 per cent.

THE ATTACK ON REAL ESTATE TAXATION

It should be noted that in spite of tax delinquency averaging 20 per cent for the nation, real property taxation still remains the foundation of local support. This shrinkage in return is much less than has taken place in income taxes or consumption taxes except those on gasoline.

Recently, however, there has been vigorous protest against so large a support of local government by real estate taxation. This protest is evidenced by attempts to limit tax rates by constitutional amendment or statutory enactment, homestead exemptions, appraisal of property for purposes of taxation on an income basis, and support of education and relief by federal and state subsidies. These innovations doubtless originate in the collapse of real estate values in recent years. When such values were steadily increasing, it was of small consequence to property owners whether or not real estate income could pay increasing taxes. The profits from real estate ownership resulted largely from the capitalization of unearned increment and not from actual current income. If the public reclaimed by taxation only a modest fraction of this socially created value, there was little complaint. But even before the depression this whole process was reversed. Real estate values reached a peak and then entered into a long decline. Capital values were continuously destroyed and income lessened. Taxes were no longer paid out of actual or anticipated profits but were added to current expenses or even losses. Under these circumstances the movement to curtail real estate taxes and to engage in taxpayers' "strikes" can be easily understood.

The result of this propaganda has been a definite move toward over-all limitations on the rate of real property taxes. It is the exceptional state that does not already provide limitations of some type on local levies, but ordinarily these are not sufficiently drastic to interfere with the reasonable conduct of government. Ohio was the first state to experiment with drastic tax limitation legislation, the so-called

Smith 1 per cent law, enacted in 1910. This legislation undoubtedly resulted in lower taxes in Ohio cities, but so restricted their services that numerous exemptions were made and the legislation finally broke down of its own weight. However, it was in Ohio again where the full force of the propaganda for tax limitation had its effect. A recent constitutional amendment limited property taxes to 1 per cent plus additional levies for debt service on debt already incurred. The loss in revenue to the municipalities and school districts has been estimated at $140,000,000 and immediately necessitated the enactment of a 3 per cent retail sales tax to make good all or part of this deficiency. Similarly, a constitutional amendment providing 1½ per cent limitation was approved in Michigan with the exception that home rule cities were exempted from its provisions unless a limitation approved by vote of the people. The amendment was thrown together loosely and has been and will be subject to judicial interpretation. So far it has resulted in a diversion of some twenty odd million dollars of sales tax money for local school purposes, and an unbalanced state budget.

More appealing legislation is that providing for homestead exemptions. For many years Minnesota has utilized varied methods of valuation for different types of property, providing favorable treatment for homesteads. Lately nearly every state legislature has had to consider proposals to give complete exemption for properties occupied by their owners up to a given sum of money or a given number of acres. In Louisiana the limitation is an assessed value of $1,000 or forty acres of land. Florida's constitutional amendment is more sweeping, and provides a limitation of $5,000. Since the ratio of assessed to true value in Florida is said to range anywhere from 15 per cent to 50 per cent, this $5,000 exemption will remove a considerable amount of property from the tax rolls and work an unusual hardship on rural counties. It is estimated that the average loss of revenue will be over 25 per cent. An effort has been made to enact a sales tax and other taxes which will make possible an appropriation of twenty million dollars for school purposes as a partial compensation.

The proposal to assess property on the basis of income has made little legislative headway. Statutes ordinarily provide that real estate shall be assessed at a fair or true cash value which is the price received at a sale at which the owner is neither compelled to sell nor the purchaser to buy. In arriving at this value, conscientious assessors make some effort to follow a prescribed assessment procedure, ordinarily taking into account the income-producing possibilities of the property and the cost of replacing in present condition. However, a sharp decline in rents, particularly on apartment houses and office buildings, and the heavy private debt charges that all too frequently burden these buildings, have furthered consideration of the so-called English system of taxation of real property on an income basis. The arguments are plausible if one makes no effort to understand the difficulties of applying such a system to American conditions. It is interesting to note that while the United States and Canada copy liberally from English procedure in many phases of our governments, neither country has attempted the English system of assessing real property taxes.[5]

The attack on real property taxation combined with the decline in receipts has also inspired a definite movement for state and federal subsidies to local government. The educational forces have made a frontal attack on Congress for the enactment of subsidies for elementary and high schools. Numerous bills are introduced at each session, but so far the net result has been the granting of aid by the Federal Emergency Relief Administration to rural schools—ostensibly for the purpose of keeping teachers employed who would otherwise be eligible for direct relief.

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[5] For a brief summary of the English system see Rosina K. Mohaupt and Alger W. Lenz, *The English System for the Taxation of Real Property on an Income Basis,* prepared and published under the direction of the Detroit Bureau of Governmental Research.

If there is any lesson to be learned from this experiment, it is the innate difficulty of granting federal subsidies on the basis of need rather than in accordance with some matching or other predetermined mathematical procedure. Need implies the application of maximum effort on the part of local government and the determination of whether such an effort has been made implies omniscience on the part of the federal authority that does it. To avoid further repetition of these difficulties, the Federal Emergency Relief Administration has conditioned so far as it might properly do so, the granting of such aid on the enactment of state legislation which would provide adequate support for schools in the future. Many states, even without this incentive, have increased their distributive or equalization funds and North and South Carolina have made provision for maintaining a minimum school term at state expense.

In summary, local governments during the depression have undergone a curtailment of revenues, largely on account of tax delinquency rather than the reduction of levies, which has made necessary reductions in services and salaries, payment in scrip or warrants, and in some instances defaults on bonded debt. This curtailment of revenues probably will be accentuated in the future by a new public indifference toward the non-payment of taxes and the evident breakdown of tax collecting machinery. It will also be accentuated by movements for the imposition of tax limitations and homestead exemptions. The result has been and will be further resort to the assumption of local services by the state governments and the granting of state and federal subsidies to meet the cost of others. This transition will involve difficult adjustments of administration.

Four County Charter Propoasls in Ohio

Cuyahoga, Hamilton, Lucas, and Mahoning Counties will vote November 5 on adoption of sweeping revisions in basic law

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IN ITS first crop of county charters Ohio is undertaking the most sweeping modernization of county government yet attempted. Charters are being submitted at the November election in four large urban counties—Cuyahoga, Hamilton, Lucas, and Mahoning—containing the cities of Cleveland, Cincinnati, Toledo, and Youngstown, respectively, and comprising about 35 per cent of the population of the state. No less significant than the size of the counties concerned, however, is the completeness of the reorganizations proposed. Three of the four charters provide for the manager plan and effect almost the entire elimination of administrative offices from the county ballot. One of these three charters also applies proportional representation in the choice of the county council. On the other hand, the fourth charter, Mahoning, merely attempts a simplification of the present set-up with some improvements in procedures and the distribution of powers.

Though three of the four counties have metropolitan problems of considerable importance and the fourth has actively discussed outright city-county consolidation, none of the proposed charters makes use of the authority, granted by the county home rule provisions of the Ohio constitution, to transfer municipal functions to the county. This does not signify a lack of interest in metropolitan reorganization, but rather a conviction that any attempt to combine it with the reconstruction of county government would jeopardize the adoption of the charter because of suburban and rural opposition and the extraordinary majorities required for approval if such changes are provided. Without incurring this risk, however, three of the charters take advantage of recent legislation to make local health administration a county function and lay the basis for a county welfare unit.

Viewed in the light of the existing system of county government, the Cuyahoga, Hamilton, and Lucas County charters represent a sharp break with the past. County government in Ohio, as in most states, is a headless hodgepodge of elective and appointive offices, boards, and commissions with numerous instances of overlapping services and conflicting powers. Administrative authority is divided among the board of county commissioners, eight elective administrative officers, two judges, and a number of appointive officers and bodies. While the board of county commissioners possesses extensive powers, it lacks control over the major administrative personnel and must commonly deal with other elective officers as political equals rather than as administrative agents.

The work of county government falls

almost entirely within the scope of five major functions: finance, public works, welfare, law enforcement, and recording, but its conduct is scattered among from fifteen to twenty separate agencies. Financial administration is divided between two elective offices and recording among three. The larger counties have two engineering departments, one for highways and the other for sewer and water projects. The responsibility for law enforcement is split, as in other states, among the prosecutor, the sheriff, and the coroner. The worst example, however, is welfare administration, which is scattered among at least seven different agencies in an average county.

CUYAHOGA COUNTY

The most comprehensive charter and the one whose preparation evoked the greatest popular interest is that of Cuyahoga County. Meetings of the charter commission, held twice a week throughout the greater part of the year, attracted considerable audiences and received liberal attention from the press. Interest was intensified by the combination of a few colorful personalities among the members of the commission and a sharp conflict as to the scope of the county charter.

For several months the dominant issue before the commission was not county reorganization but governmental reconstruction of metropolitan Cleveland. Cuyahoga County, which is practically synonymous with Greater Cleveland, includes some fifty-five cities and villages and six townships, several of which have been reduced to mere slivers of territory by the incorporation of suburban communities. This condition has been a source of many problems. Important thoroughfare improvements have in some cases been seriously delayed and trunk sewer work impeded by conflicts among the municipalities involved. Endless confusion as to street car fares in the metropolitan area has been a constant reminder of the need of unified public utility regulation, and the desirability of a single health and welfare agency for the entire county has been generally recognized. As a matter of fact, interest in metropolitan reorganization was a major consideration in the adoption of the county home rule amendment to the state constitution in so far as Cuyahoga County was concerned. It is not surprising, therefore, that the metropolitan problem occupied the center of the stage throughout much of the charter drafting period.

One faction of the commission, vigorously supported by the Citizens League, insisted that the county be constituted a municipal corporation, as permitted by the constitution, vested with all municipal powers not expressly reserved to the subdivisions by the charter. Under such a plan existing municipalities and townships would sink to the status of boroughs in a federal scheme of metropolitan government. The other faction, while recognizing the need of unified administration of several municipal services, questioned the wisdom of attempting it in the initial county charter. Whereas a charter dealing only with county government requires but a simple majority vote for adoption, a charter vesting municipal powers in the county must also receive a favorable majority in each of more than half the townships and municipalities of the county. In effect this gives a small minority of the county electorate located in outlying subdivisions an absolute veto on metropolitan reorganization proposals. In such communities the hostility of a few local officials might readily determine the fate of the charter. How serious the risk would be is indicated by the vote on the county home rule amendment to the constitution. Though the amendment carried Cuyahoga County by a two to one majority, it, nevertheless, failed to receive a favorable vote in a majority of the subdivisions of the county. In the end the metropolitan issue was resolved in favor of confining the charter strictly to county reorganization and thus avoiding the necessity of securing special majorities for adoption. However, this does not preclude a later transfer of municipal functions to the county by charter amendment if the necessary majorities can be secured.

The Cuyahoga County charter provides for a county council of nine members to take the place of the old board of commissioners. Eight members are to be elected at large by proportional representation, the president being separately elected by preferential ballot. In spite of the criticism to which P. R. was subjected during the city manager period in Cleveland, it was almost unanimously accepted by the members of the charter commission. Underlying its adoption was the desire to insure fair representation for the suburban population and the fear that a few slum wards might hold the balance of power under the ordinary system of election at large. The council will be the policy-determining body of the county but will be divested of many of the routine administrative duties now performed by boards of county commissioners.

There is to be a chief executive officer, known as the county director, who will be appointed by the council for an indefinite tenure. He is empowered to appoint and remove the heads of departments and is vested with the usual powers and duties of a manager. Nearly all administrative activities are concentrated in six departments: law, finance, public works, records, health and welfare, and public safety. The prosecutor, who ceases to function as the legal counsel of the county, is to be appointed for an indefinite term by the president of council. The only other independent administrative officer is the controller who is chosen by the council. A county planning board and a civil service commission are also provided, the merit system being applied to all positions below the rank of department head.

HAMILTON COUNTY

The Hamilton County charter commission led a turbulent existence from the start. The Republican organization, which has persistently fought the good government forces in Cincinnati, placed a slate of charter commission candidates in the field against the ticket presented by the sponsors of the charter movement. The result was a charter commission consisting of nine members of the Citizens' ticket and six organization Republicans. The situation was soon complicated, however, by the resignation of two of the Citizens' group to accept judicial appointments, leaving a seven to six division. Efforts were made to compromise the differences between the two groups but without success. The Republicans would have nothing to do with nonpartisan nominations and elections or the manager plan, and the Citizens' group was unwilling to sacrifice its principles to such an extent. Finally, under the leadership of Charles P. Taft 2nd and Murray Seasongood, the Citizens' group drafted and voted through a charter to its liking. As the charter was approved by a vote of only seven to six, the Republicans proceeded to challenge it in the courts on the ground that a majority of the original membership of fifteen was necessary for submission of a charter. This issue has since been decided in favor of the charter and the Republicans are now vigorously opposing its adoption at the polls.

The Hamilton County charter deals only with county government, metropolitan reorganization having been ruled out by the commission at the beginning. It provides for a board of five county commissioners, elected at large for four-year terms, part every other year. Though proportional representation has been used successfully in Cincinnati for a decade, the charter drafters were fearful as to their ability to secure its adoption in the county. Instead they selected nomination by petition and the nonpartisan ballot.

A county executive is established, who is appointed by the board of county commissioners and occupies the status of a county manager. He appoints and removes the principal administrative officers with two exceptions. The prosecuting attorney is elected by the people and the auditor, whose function is purely that of post-audit, is appointed by the board of county commissioners. The existing offices of sheriff, recorder, and clerk of courts are retained, but on an appointive basis and with some redistribution of duties. Other activities are combined in departments of finance, public works, health and hospitals, and welfare. Civil service is administered by a personnel commission appointed by the county commissioners and a personnel officer chosen by the county executive. Among the personnel provisions is a unique requirement that all federal, state, and local positions within the county be included in the county personnel classification to facilitate transfers among the various services. Provision is also made for county planning.

LUCAS COUNTY

The Lucas County charter commission consisted entirely of members elected from two representative slates presented by the citizens' committee backing the undertaking. Perhaps the most unique feature of the commission was the fact that it contained but one attorney, who fortunately was a leading member of the Toledo bar and gave generously of his time in the final revision of the charter draft. The commission elected a rural member as chairman and definitely set out to overcome the fears aroused in the rural portion of the county by the talk of city-county consolidation which in this county attended the campaign for the county home rule provision of the constitution. Indications are that the commission has succeeded well in gaining the confidence of the various elements of the county and that the charter will have little open opposition.

This charter also adopts the manager plan and without any camouflage as to the title. The manager is appointed by a board of five county commissioners chosen by nonpartisan primary and election. To allay the fears of the outlying districts the city of Toledo is limited to three of the five members. Seven departments are provided: finance, audits, health and hospitals, welfare, public works, law enforcement, and records and court service. All department heads are appointed by the manager except the director of audits and the director of law enforcement, who are chosen by the president of the board of county commissioners. The function of the director of audits is just what the name implies and that of the director of law enforcement is primarily prosecution. The department of law enforcement has the functions of a prosecuting attorney and the police and jail duties of a sheriff. The department of records and court service takes over the functions of the recorder, the clerk of courts, and the duties of the sheriff as an officer of the courts. Planning and civil service commissions are established and a commission of research and publicity, similar to that of the city of Toledo, is authorized.

MAHONING COUNTY

The Mahoning County charter differs entirely from those previously described. To minimize opposition the charter commission confined itself to perfecting the present arrangement and did not undertake a thorough modernization of the county government. Whether such caution is more likely to bring success than is a bold attempt at complete reorganization seems to the author, at least, somewhat questionable. However, the commission was firmly convinced as to the limitations under which it labored. The charter combines the offices of auditor and treasurer and of recorder and clerk of courts, substitutes a medical examiner appointed by the prosecutor for the elective coroner, and centralizes welfare activities in a single department. It does not provide a chief executive officer, but it enlarges the authority of the board of county commissioners considerably and vests in it the appointment of several officers.

CONCLUSION

With the exception of Mahoning County, it is evident that the charter commissions have not compromised materially with the existing system, but have struck out to provide the most effective type of county organization as they viewed it. Each of the three complete reorganizations establishes an executive head of the manager type and largely transforms the board of county commissioners into a policy-determining body. Each provides for nonpartisan elections and an inclusive application of the merit system. Activities are departmentalized on a functional basis even where this means dismembering traditional offices. For example, all three charters split the civil and the criminal functions of the sheriff and combine the former with the duties of the clerk of courts. The coroner is replaced by a medical examiner in all cases. The Lucas County charter also adopts the innovation of a department of law enforcement combining the police duties of the sheriff with the function of prosecution under a single responsible head. In the judgment of the author this is a fundamentally sound arrangement and the one which offers the greatest hope of efficient administration. Though new in local government, it has a prototype in the federal department of justice and in a measure in some of the local police departments of Europe.

It would not be safe to predict the outcome of the referenda on the four county charters. In Hamilton County the hostility of the Republican organization insures a bitter struggle. In Cuyahoga County there is widespread demand for county reorganization, but much depends on the solidarity of the reform groups and the effectiveness with which the campaign is handled. In Lucas County the situation appears fairly hopeful for adoption and the same seems to be the case in Mahoning County. Success for these charter campaigns should mean much to the county reorganization movement not only in Ohio but in other states as well.

Personnel in the Public Service From the Administrator's Point of View

A well conceived merit system with adequate provision for retirement and pension is a necessity if the public administrator is to carry on effectively

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PERSONNEL in the public service, from the administrator's point of view, may be used either to build up a political machine or to perform a public service on a high level of competency.

The operation of the civil service machinery is sometimes thought to be the method by which the latter result may be obtained. This is not the case unless the civil service machinery is set up and operated upon a "merit system" basis, and unless the administrator himself is committed to high professional leadership and to the general proposition of a "career service" in government.

I have experienced personnel practice in the public health and public welfare service under various conditions: (1) Under a "spoils system"; (2) under a "reform" government with good personnel practice but with no security of tenure beyond the term of the appointing power; (3) under civil service practice and with high professional leadership on the part of my chief and with a continuity of service on a merit basis; (4) and I have observed at close range the disintegration of personnel and consequent loss of momentum in the public service over a long term of years as suffered under a political organization at great cost to the taxpayer; (5) in addition, I have experienced personnel practice in the public service both as an employee and an employer; and (6) in welfare institutions as well as in non-institutional public agencies.

I hope that this varied experience will give validity to my expressed opinions.

I started my career in the public service on this wise:

One bright Sunday morning, the telephone rang in the home of a general practitioner and a voice said: "Would you be interested to become the Chief of the State Child Health Division?"

The general practitioner replied: "Yes, I would be interested, but I am not trained in public health."

"Yes," said the voice, "I know that, but I have tried for a year to get a child health program started, without result, and I want some one to come and make the damn thing go! I believe you can do it."

The upshot was that the general practitioner, after some hesitation, accepted, with the understanding that she might select one assistant and one field representative, but would accept such subordinate employees as were available and do with them the best she could, with the result that within eighteen months, a network of three hundred child health stations were in operation, and an appreciable dent was being made upon infant mortality, this in spite of the fact that neither the chief nor the assistant were trained in public health.

Needless to say, had not the facilities

of the Federal Children's Bureau been available to chart the course for the newly developing Child Health Division, such progress would not have been possible.

Out of this episode develops the conclusion: (1) That it is desirable that there should be a guiding authority in the selection of personnel to insure that round pegs shall not be placed in square holes; in other words, that executive and organizing ability versus technical skills need to be differentiated in any selective process—for the ineffective year of effort to make a child health division function was due to the error of placing a highly trained technician in an administrative position for which her experience had not fitted her; (2) that training on the job is a possibility which should not be overlooked not only for the subordinates, but for the officers in the higher levels; (3) that an executive in any field will find himself seriously handicapped if he is without knowledge of sources of help which may be tapped in order to promote his job, and he will be equally handicapped if he is too proud to avail himself of those resources.

PERSONNEL WITHOUT MERIT SYSTEM

Throughout a period of eight years, I experienced the vicissitudes of the public service in Pennsylvania.

There was no provision in law for a classified service, nor for protection for the professional phases of government work (in other words, the "spoils system" was in operation) and yet the governors (one a regular Republican and the other a reformed Republican) relinquished the positions involved in the welfare department almost 100 per cent to the building up of a sound professional service, even though by so doing they lost some political support.

These years provided illustrations of various policies which ought to be found in any merit system of personnel practice, such as: (1) *Freedom from geographic or political restraints* in making professional personnel selection; (2) *flexibility in salary range* giving the administrator a chance to enter the competitive market for staff members; (3) *equitable adjustment as between technical and administrative* personnel to produce maximum results in service; (4) *facility in transfer and promotion* of personnel between and within government agencies without loss of momentum, due to a broad basic equipment of the personnel employed; (5) the *"career service"* in government was illustrated as a practical possibility with a consistent stepping up in responsibility and salary of personnel, based on performance.

All of this good practice enriched the quality of public service while at the same time reducing the cost to the taxpayer, for the volume and quality of work turned out by a qualified experienced staff was greatly in excess of that turned out by unqualified, inexperienced people.

The morale building possibilities of the merit system applied to government employees was illustrated by the experiment under a "reform" administration of a classified service, conducted for four years under executive order but not provided for in law.

All these things, illustrative of good personnel practice, happened under the spoils system; they emphasize that it is possible to build up quickly an efficient body of public employees, professional, technical, administrative, and of other grades, but the succeeding eight years demonstrates with equal clarity that such personnel structure is erected upon shifting sands which a change in state administration can wipe out with even greater swiftness.

DEVELOPMENT UNDER A MERIT SYSTEM

Now let us look at the influence of civil service upon the development of personnel in the public welfare field, and its influence upon the administrator.

A civil service law, unless accompanied by provisions for retirement of the superannuated and by a pension system, places an insurmountable handicap upon an administrator.

New Jersey has in common with Pennsylvania a system of retirement and pension, but in addition, New Jersey has a civil service system of personnel selection and administration which applies to all state departments and to all counties which elect to operate under its provisions.

What effect does this have upon the administrator in the building up of his personnel and his subsequent administration?

Civil service administration is itself hedged about by certain legal limitations, and by rules of procedure which have been established which seriously handicap its most effective functioning in the selection of personnel desired by the administrator, as, for example, preferential treatment under the law accorded to veterans, inability to specify age limitations, limitation as to residential requirements, etc. To these limitations the administrator must adjust, otherwise a psychological conflict arises between him and the civil service authority detrimental to public service.

Recognizing these limitations, let us consider first the *advantages* to the public service and to the administrator of a well administered civil service.

First: The existence of this personnel machinery compels the administrator to consider, and to commit to writing, his ideas as to the position he proposes to create (or to refill, for personnel specifications do not remain static, but develop and change from year to year), and the equipment which he considers necessary in the candidate covering personality, education, and experience. The civil service authorities usually accord the administrator this courtesy of preparing these preliminary specifications, which may or may not be accepted in full by the personnel authority. When such specifications are set up, the administrator is relieved of an enormous amount of political pressure in filling positions.

Second: To some degree the administrator is relieved of the arduous task of recruiting candidates to enter the examination; he does, however, do some recruiting because of the disinclination of many professional persons to seek out competitive examinations.

Third: The ultimate selection, appointment, and final confirmation of the appointee provides a sense of security for the employee and a stability to the public organization which is utterly lacking when civil service practice does not exist. The administrator can, therefore, look forward to a continuous development of his staff and his policies.

The elimination of "political jitters" on the part of the personnel at the time of each gubernatorial election is perhaps worth all it costs the administrator in personal inconvenience.

Fourth: The orderly method for promotion and transfer within the public service is, or can be made, a real contribution to the "career idea" in the public service.

So much for the advantages: what are the *handicaps* encountered by the administrator under the system?

First: His write-up of specifications as to job and qualifications are frequently suspected of being written around one individual (especially for the higher positions) and in the modification of his specifications, which the civil service authority has the legal right to make, the real essence of the administrator's desire for a particular type of employee is defeated.

The civil service "interpretation" of the "equivalent" in education and experience, which it is their right to make when the candidate's preparation is not precisely that outlined in the specifications, leaves the door open to very wide variations which more often than not let in the less qualified and place them on the eligible list, with which, in New Jersey, the administrator must wrestle for two long years after the list is once established.

In addition, preference to veterans and absence of age limitation in the examination often create handicaps which needlessly complicate the selective process.

Second: The selective process covering oral and written examinations in relation to professional personnel in the social welfare field in many instances leaves much to be desired. The questions covering the written test and oral examination are often formulated and administered by persons who have not the breadth and depth of knowledge in social work to be able to explore adequately the capacity of the candidate, and to determine his strength and weakness. Occasionally the philosophy of the examiner is directly opposed to that of the administrator who is in search of personnel, and the candidate will be marked up or down in accordance with this conflicting philosophy.

In addition, the evaluation of the written test is not always in the hands of an examiner competent to determine the adequacy of the paper submitted.

All of these facts demonstrate the need of a panel of examiners coöperating with the civil service executive in the social work fields, of such breadth of education and judgment as to enable them to minimize for civil service (and the administrator) these handicaps inherent in any system of examination.

It should be noted that in appointing physicians to the public service in New Jersey, no civil service examination is held but the fact of medical diploma and license to practice, plus certain experience, is held sufficient. When the content of social work training and experience is formulated with the same clarity as in medicine, we may hope for similar practice.

Third: The salary range specified by civil service for certain professional positions in the field of public social work are frequently fixed by civil service at such a low level that it is impossible to compete successfully with the demand for such service. This is particularly true in the more recently developed categories, such as psychiatric social work, and the general disinclination on the part of professional workers to compete by examination for any position reduces the number of candidates of real competence almost to zero.

In addition to this, perhaps it should be stated that in the minds of some civil service authorities there still lingers the idea that a person interested to perform the altruistic services implied in social work, should be willing to do the work for a subsistence wage or less.

Fourth: The administrator is also handicapped in that having met his obligation by making a temporary appointment from among the three candidates with the highest average (as required by regulation) he must make up his mind within three months as to whether the employee is performing his duties satisfactorily and is otherwise proving to be well adapted to the job. If the administrator is not satisfied, the appointment may be terminated without preferring charges. After the three months' probationary period, charges must be preferred if the employee is to be removed, and he may have a formal hearing before the civil service board if he objects to removal.

Three months is too short a period in which to evaluate the capacity of an individual in relation to a job covering personality, health, and technical skill. One can sustain good behavior for three months with a little effort; six months would more nearly provide a real test, fair to employee and administrator alike.

Fifth: The hearings on charges preferred constitute another difficult hurdle for the administrator. Occasionally, members of his staff do commit crimes or are guilty of ethical misconduct and the civil service authority sustains the administrator without question. More frequently, however, the employee, through personality maladjustment, health handicaps, stupidity or "pure cussedness", hampers the work to a degree destructive of morale throughout the organization, involving fellow employees and clients alike, and his removal in the interest of good public administration becomes imperative.

If the civil service hearing is set up on a basis of social justice, and not on a legalistic basis, the best interest of the public service will be served. Too often, however, the hearing becomes a battle of wits with the lawyer retained by the Civil Service Employees Protective Association, exhausting every legal device for retaining the job for the employee regardless of the best interest of the service, and with the administrator, the defendant at the "trial".

Sixth: Tied up with the problem noted above, as well as with that of superannuation, is another problem for the administrator; namely, how to prevent the accumulation of "dead wood" in the department, which in time becomes a "dead weight" upon all public functioning.

If the retirement system provides a compulsory retirement age as late as seventy years, the problem for the administrator is very acute; and if the retirement pension is very small, the problem becomes almost unsolvable, except upon a "case work" basis.

Perhaps the administrator of a public institution is more easily able to cope with the problem than is the administrator handling a field staff, for there are always subordinate positions in an institution where work within the capacity of the individual to perform can be provided without wrecking the service, or where shelter can be given without compensation, but even this is accompanied with difficulty and heart-ache for the individual who must be removed from the main stream of productive professional or maintenance work.

The only real solution lies in (1) a retirement system with a reasonably low age limit with provision for adjustment sufficiently flexible to provide for the inevitable exceptions; (2) for a pension system so conceived that retirement compensation shall be reasonably adequate; and (3) a case work attitude and technique on the part of the administrator in regard to each case.

Measuring these advantages and disadvantages under civil service as they affect the administrator and the advantages and disadvantages under the spoils system as contrasted with the merit system, I am convinced that if we really desire better government personnel and better public administration, we must commit ourselves without reservation to the merit system of personnel selection and administration.

CONCLUSIONS

Out of these sixteen years of variegated types of public personnel administration, I have arrived at some fairly definite conclusions:

First: That a well conceived civil service law in the hands of a competent professional executive insures to the administrator of a governmental department greater protection from political pressure and greater assurance of continuing opportunity to develop a program of professional service than does any other method of personnel selection and administration yet devised.

Second: That machinery established for personnel selection is of less importance than the persons who operate it.

Third: That the quality of personnel selected in executive and technical branches of the public service, while important, is of less importance in secur-

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The torch of the research bureau still needed to light the way to honest, efficient, and economical government

A Plea For Research

SIDNEY DETMERS *Manager, Buffalo Municipal Research Bureau, Inc.*

One who sat in—for the first time in several years—at the annual meeting of the Governmental Research Association this August, must have wondered at the inclination to drift from the ancient moorings of the research bureaus, which was shown in some of the discussion.

In "Twenty Years of Municipal Research," a pamphlet published in October 1927 by the Governmental Research Conference, appears a quotation, which, being italicized, apparently was thought to express the spirit of the movement at that time:

"Municipal research is a method, not a panacea. It aims not to make over either the man in office or the men who vote, but to give men as they are better methods for working for the public as it is; better methods of watching and judging what their public servants do . . . Municipal research . . . can keep alive, between election times, interest in the reasons for good government and can provide non-partisan, non-political, continuous emphasis upon the requirements, methods, and results—as distinct from the personalities of public business."

The doctrine there set forth, that research bureaus had for their objective the informing of officials and the public on the facts of government, based on unbiased, scientific study, is the principle, one presumes, on which the bureaus were founded, and had operated up to that time.

It appeared from the keynote sounded in the opening address by the president of the association, this year, that the depression had generally affected the finances of the bureaus. Old subscribers had passed out of the picture; others had cut down their subscriptions; and the losses thus sustained had not been made good by any new group of supporters. In consequence some few bureaus had died, and those which were alive were operating with reduced personnel and consequent lessened effectiveness.

Among the suggested possible remedies for these financial ills were (1) the injection into the bureaus' activities of an element of militancy, thus to increase popular support by resultant publicity and the appeal to such of the public as are attracted by militant methods; and (2) alliance with other bodies, such as chambers of commerce, universities, or foundations, which, it was assumed, were in better financial condition.

In the discussions, too, the representative of one prominent bureau which had thus shifted its financial basis, declared that in the previous almost twenty years of its independent life it had "accomplished little or nothing". Knowing something of this particular bureau's past, one may regard the remark as hyperbolical, voicing the discouragement which at times afflicts every idealist. It was a public official in the city in which that bureau operated that remarked, we will remember, that "it would pay any city to have such an alert group if it didn't do anything but sit on the city hall steps".

So much for the text for this plea for research.

The principle which has been followed in a nation-wide movement for nearly thirty years ought not to be discarded except for weighty reasons. The financial difficulties of the research bureaus do not prove that the movement has lost public confidence. The same difficulties are experienced by chambers of commerce, universities, churches, hospitals, and most other privately financed organizations. Nor are the militant taxpayers' associations as a rule any more prosperous. While the hopes for tax relief which they inspire among certain of the population will induce some new support it is rather well known that in communities where research bureaus are in existence, the "taxpayer" groups have not tapped new sources so much as they have drawn on those of the bureaus. The average contributor believes that they both may be "good things", and divides his support.

TAXPAYERS' GROUPS

We have no quarrel with those taxpayers' associations whose work is based on research either made within their own organization or obtained from research bureaus. They represent a body of informed citizenship which can be of great help in promoting efficient and economical government. Our objection is to those groups which seek, by whatever means, to control the action of public officials, and whose main concern is to shift taxes from their own shoulders, without much consideration of the effect on public service or regard for those who will have to carry the shifted load.

This kind of taxpayers' associations is made up, in the main, by those who pay taxes on real estate. They ignore the fact that those who pay other forms of taxes are also "taxpayers". The latter include those who rent from some of these same taxpayers, to whom is passed, in their monthly rentals, as much of the tax as can be charged. Besides these, a recent study showed that in 1933 the taxation levied on the people of New York State in direct taxes on real and personal property was only 52.6 per cent of the whole:

1933	*Millions*	*Per Cent*
Federal Internal Revenue	$ 376.3	—
Federal Customs	25.7	—
Total Federal	402.0	28.7
Real Estate, direct tax	729.2	52.1
Personal	7.4	0.5
Other State Taxes	260.7	18.7
Total	$1,399.3	100.0

We may also well question the right of this kind of "militancy" in any minority group of citizens, however well intentioned it is, or well founded its claims. The right of petition is ours by virtue of the constitution; the right to persuade a majority of the voters to change their public servants in a legal, orderly manner is unquestioned. But, living in a representative democracy, its government is in the hands of those whom the voters have elected as the laws provide. The claim of any group less than that of the people themselves to dictate to the elected officials their course of action, under threat or duress of any kind, is outside the constitution and the laws, and is nothing other than mob rule.

Taxpayer movements existed long before the research idea was born, and because they were found wanting, the research movement succeeded them. Is this not implied in the following taken from the pamphlet already mentioned? It says:

"These men (of the Citizen's Union) after long search for the reasons why successive reform administrations had failed to accomplish permanent results, became convinced . . . . that under existing conditions . . . . such needed changes and improvements must be brought to the attention of public officials and aid given in their introduction by an impartial outside agency."

We can see no violation of research bureau principles in making an alliance with other bodies—universities and the like—provided independence and freedom of expression are assured to those carrying on the work of research. This is equally true of government-supported bureaus, as in Hartford and Toledo, for example. The danger lies, perhaps, in what the public may think of the connection as influencing the independence of the work.

RESEARCH AND GOOD GOVERNMENT

There is one fact that was not brought out in the discussion, which has a bearing on the subject. We cannot find that at any time in the past those who spoke authoritatively for the research movement believed or promised that it would bring about good government. It promised to point the way to good government which officials and the voters alike could follow, and it has kept its promise.

That its directions have not been followed—where they have not been—is due, at this time especially, to the upsetting of all previously accepted doctrines of efficiency and economy in the conduct of government. We are to spend ourselves out of the depression, is the new theory. To get out of his difficulties the citizen is willing to follow any leader, however weirdly unsound his plans may be. Under this influence officials, too, are adrift from the moorings of common sense and sound economics which once might have held them against the tide. That the worst elements in local governmental affairs have taken advantage of this universal condition is true in many localities.

The way out of conditions such as these has been shown by the course of events in Cincinnati: An organized, permanent, good government party, able to compete in party methods with the old political parties; a research body either inside or outside of the official sphere to insure continuously the best in administration at all times.

We cannot believe that in any community which has a research bureau there is not enough saving grace to provide the modest financial means for its work, if the bureaus will make the necessary effort in a business-like manner.

Never more than today was there need for holding up the informed ideals of government, honesty, efficiency, economy, for which the research bureaus stand. With whatever special problems each bureau must deal in its own locality, this work is needed, for the enlightening of the public and the fostering of that public opinion which in the end must prevail.

Unemployment Relief in State Budgets

Haphazard methods of financing emergency relief giving way to adequate provision for care of unemployed as state legislators realize permanence of relief problem

L. LÁSZLÓ ECKER-R. *Federal Emergency Relief Administration*

For several years the words "fiscal" and "crisis" have been inseparable in the jargon of economic commentators. "Tax delinquency," "budgetary deficiency," "municipal defaults," and similar despairing phrases have predominated on the pages of financial journals. Recent months, however, are witnessing a gradual improvement in state and local fiscal conditions. Nowhere is this wholesome reversal more readily apparent than in the records of unemployment relief financing. States and their political subdivisions are finding themselves better able to provide for their destitute. At the same time the haphazard and emergency practices of earlier depression years are giving way to more permanent and more defensible financing practices. Generalizations concerning state and local finances on the basis of relief financing experience must, however, be formulated with caution as long as unemployment relief remains a relatively minor item in state and local budgets.

During the past three years, and especially since May 1933, the cost of relieving the unemployed, embracing at times one-sixth of the country's population, has fallen in large part upon the federal government. Earlier, private charitable organizations carried a conspicuous proportion of the load. States and localities have generally succeeded in escaping the bulk of the burden, with the result that during the past five years unemployment relief expenditures, other than ordinary welfare outlays, have accounted for only 4 per cent of estimated state expenditures and an even smaller proportion of the disbursements of local governmental units.

It should be noted, furthermore, that in evaluating the net burden of unemployment relief to state and local governmental units, consideration must be given to two additional factors: first, that some of the relief expenditures, particularly those credited to local units of government, represented contributions in kind, i.e., materials and equipment which were already in the possession of city and county governments and therefore required no cash outlays on their part; and second, that in compensation for their expenditures, state and local governments received considerable value in projects conducted under the relief program, ranging from the construction of playgrounds to the repair and construction of roads and public buildings. Not infrequently the relief recipients performed functions ordinarily financed by state and local treasuries. However, to maintain that in the aggregate unemployment relief has represented a comparatively small state, city or county expenditure is not to deny that it has been a very significant budgetary problem in the case of some governmental units. In national averages, as might be expected, the substantial relief outlays of the more progressive states are to some extent canceled by the failure of others to make any contribution whatever. Thus, viewing the audits of 1934-35, it appears that unemployment relief consumed fully 7 per cent of all the revenues of the state government of New York, 11 per cent of those of Illinois, and 15 per cent of those of Pennsylvania.

At present, however, the division of responsibility between the federal, state and local governments is shifting. In view of the federal government's determination to return the liability for the care of unemployables to states and their political subdivisions, it is to be expected that relief will play a substantially larger role in the state budgets of the future than it has in those of the past. Doubtless in some instances, more specifically in those units which have already made sizeable contributions, the initiation of this policy may result in reduced demands upon state treasuries. But for all the states combined the reverse may be expected. Should financial conditions continue to improve, however, this should not represent a particularly serious burden.

THE FIVE-YEAR RECORD

Until comparatively recently, students of government have noted, and public officials have endorsed without probing, the doctrine that the responsibility for unemployment relief rests with local units of government. In consequence the record of state (as distinguished from city, town, and county) participation in the financing of emergency relief is a comparatively brief one, encompassing in its entirety only five years. Prior to the present depression some funds were in fact provided by state legislatures for relief, but such appropriations were generally intended to relieve temporary distress caused by floods, earthquakes, and other natural calamities, rather than to aid victims of industrial depressions. The persistence of state governments in leaving the support of the needy to their political subdivisions functioned acceptably as long as activities of private charitable organizations continued to expand and standards of relief were permitted to remain objectionably inadequate. When, however, after the beginning of the present decade, the resources of private charitable organizations, as well as those of local governments, began to dwindle in the face of a mounting unemployment problem, state governments were obliged to add relief to their current requirements. The assumption of partial responsibility for this governmental function on the part of states dates from the fiscal year 1930-31, when four states recorded the modest expenditure of $500,000. In the course of the next four years the number of states providing relief funds increased to forty-one, including those with only minor contributions. The total expenditure of all state governments during the period beginning July 1, 1930, and ending June 30, 1935, amounted to $533,000,000, the annual outlay reaching $222,000,000 during the last fiscal year.

The failure of some state governments to make significant contributions to the relief program during these five years need not necessarily be interpreted as a refusal of their citizens to bear their fair share of the burden. In some cases the inactivities of state governments in this field were counterbalanced by substantial activities of cities, towns, and counties. A conspicuous example is Nebraska, where in the face of no expenditure on the part of the state government, counties during the past two years recorded a combined emergency relief expenditure in excess of $4,500,000. Whether relief is a state or local responsibility depends in large part upon the idiosyncrasies of the particular fiscal structure. In some states, particularly in the New England area, welfare is acknowledged to be a local liability, while in others its financing falls in part or in entirety upon state governments. Instances nevertheless are frequent, particularly among the southern states, where neither states nor their political subdivisions have accepted their equitable share of the relief burden. The explanation may lie either in financial inability or in other less defensible factors, such as a lack of public responsibility, the presence of political factions preventing legislative action, or the unwillingness of the people dominating the political scene to indorse the expenditure of public funds for the relief of the unemployed.

The extent to which state governments have assumed responsibility for unemployment relief has to some degree been associated with the type of the prevailing economy. During the past five years state contributions to the relief program were largest in relation to total requirements in the more industrialized states of the union. The fact that relative contributions were greatest in states whose economy was most severely affected by the depression would tend to give credence to the contention that non-fiscal considerations have played a significant role in determining the degree of state participation in relief financing. It is noteworthy, for instance, that the industrial area of the nation, consisting of the five middle Atlantic and the five east central states, accounted for 80.6 per cent of all state relief expenditures during the past five years, as contrasted with the eleven east south central and southeastern states, which accounted for only 1.4 per cent of the nation's total. In the case of individual state governments, this represented a per capita expenditure of $14.49 in New Jersey, $10.99 in Rhode Island, $9.77 in Illinois, $9.69 in Pennsylvania, and $9.48 in New York, in comparison with a $0.01 per capita expenditure in Alabama and no expenditures in Florida or Georgia.

METHODS OF FINANCING

One of the more interesting and at once most misrepresented features of the states' experience with emergency relief relates to the procedure employed in raising the required public funds. Much of the fiscal difficulty of state governments during the past few years has been attributed to the unemployment relief problem. It has been asserted that federal insistence upon state contribution has brought about an enormous increase in public debt; that it holds the explanation to the sales tax movement; that it necessitated diversion of large proportions of automotive revenues; and that it brought about the dissipation of the bulk of the liquor revenue. These assertions lose much of their force in light of the consideration that to date unemployment relief has played only a minor role in the budgets of the forty-eight state governments. But the fact remains indisputable that in affording assistance, however minor, some states resorted to unnecessary and undesirable financing procedure.

In evaluating the significance of methods employed for raising relief funds, allowance must of necessity be made for certain intangible factors. Foremost among these is the influence of prevailing fiscal practice. In some states borrowing for extraordinary governmental purposes, for instance, is an established financial operation. In such cases it is to be expected that when the pressing need for relief funds arises, the economist's aversions to borrowing for financing current requirements should carry little weight. Of additional moment is the fact that the insistence of the federal government upon state or local participation in financing relief has enabled public officials to encourage certain fiscal measures which they would have been unwilling to advocate on their sole responsibility.

The approximately half billion dollars contributed by state governments to the emergency relief program during the present depression entailed the tapping of a wide variety of revenue sources. At the beginning of the period most relief funds were obtained by appropriations from general revenues and by diversions from those special funds which had accumulated balances. At that early date no thought had apparently been given to allocating the proceeds of specific taxes for relief purposes and only those states made contributions which had surpluses available in their regular operating funds. These sporadic sources, however, were rapidly exhausted, necessitating in later periods proportionately more frequent recourse to borrowing and special "taxes for relief".

The largest single source of relief revenue during the past five years has been long-term borrowing, which increased steadily both in relative and absolute importance and provided a total of $295,000,000 in thirteen states. The amounts obtained from this source rose from $13,000,000 in 1931-32 to $134,000,000 in 1934-35. More recently, however, its importance has declined and it promises to assume a relatively minor role in the future financing of emergency relief. In view of the severe constitutional limitations upon state borrowing powers, it was to be expected that the issuance of bonds for relief purposes should be fairly localized. Thus, fully 86 per cent of all state relief expenditures from bond issues were accounted for by six states: New York, Illinois, New Jersey, Ohio, California, and Pennsylvania. Since long-term credit operations are generally a minor factor in the financing of state governments, the substantial borrowings for emergency relief purposes loom disproportionately large in the present state debt structure. Approximately 11 per cent of the $2,700,000,000 estimated total debt of the state governments is accounted for by borrowing for relief purposes. The relative share of relief bonds in state indebtedness is particularly large in those governmental units which hitherto had had only minor recourse to this form of financing. The outstanding example is Texas, with a total state bonded indebtedness of $21,000,000, 94.5 per cent of which was incurred for relief purposes. In the case of the more habitual borrowers, however, relief indebtedness is of comparatively lesser importance. It accounts at present for 21 per cent of the state debt of New York, 27 per cent of the debt of New Jersey, 24 per cent of the debt of California, 22 per cent of the debt of Illinois, and 12 per cent of the debt of Pennsylvania. From the national point of view, more significant is the fact that after five years of severe unemployment, the relief borrowings of state governments, added to those of their political subdivisions, represent less than 3 per cent of the total public debt, exclusive of federal obligations.

Another major source of state emergency relief revenue and becoming increasingly important, is the sales tax, which was utilized for the first time by two states in 1932-33, but by 1934-35 had provided relief funds in twelve states, accounting that year for a total of $32,000,000. This, added to the $12,000,000 expended in 1932-33 and the $32,000,000 expended in 1933-34, raises the total amount of state relief funds supplied by sales taxes during the present depression to $76,000,000. Much has been said of the responsibility of unemployment relief for the wholesale introduction of sales taxes. That the rapidity of their enactment is unparalleled in American fiscal history is apparent to everyone. The writer, however, interprets the facts to imply, not that the sales tax is enacted because of relief, but that this "unnecessary and backward step in taxation" is firmly establishing itself as a permanent state fiscal measure. This conclusion is in part prompted by the observation that only one-fifth of the total sales tax revenue which accrued to state governments in 1933-34 and only one-sixth of that accruing in 1934-35 was used for emergency relief purposes. Included in these calculations are general fund appropriations which would have remained dead letters had they not been subsequently vitalized by the enactment of sales taxes. It is significant also that in a number of states the enactment of sales taxes, instead of providing unemployment relief funds, afforded a means for the reduction or total elimination of ad valorem levies on property. No doubt, in some cases sales taxes provided the most readily available source of relief revenue, but it can be maintained with equal validity that in at least the same number of cases, alternative means for raising relief funds were available.

Among other sources of relief revenue should be mentioned highway funds, beer and liquor revenues, and such miscellaneous sources as race track licenses and taxes on corporations, utilities, inheritances, chain stores, gifts, and transfers of property. Highway funds have played a secondary role, yielding but $22,000,000 during the five-year period. Included in this amount are funds which were devoted to ordinary highway activities employing relief labor. In their entirety these represent but one-half of one per cent of all state receipts from motor fuel taxes and motor vehicle licenses; a small proportion, when considered in conjunction with the fact that work relief activities in recent years have gone a long way toward the maintenance and construction of roads and will thus reduce future demands upon highway funds. Similarly of minor significance were relief funds derived from beer and liquor revenues. In the immediate pre-repeal era it was generally expected that a substantial portion of this revenue would be devoted to unemployment relief. Although the disposition of this new income occurred simultaneously with the need for unemployment relief funds, only eight states made provisions to set aside even minor portions of it for unemployment relief purposes. Beer and liquor taxes as sources of state relief revenue made their first appearance in 1933-34 when they accounted for less than $2,000,000 and increased to $12,500,000 in 1934-35.

Income taxes present a further instructive feature of relief financing. Although during the past two or three years the number of state income taxes has markedly increased, in only two states have revenues from this source been employed directly for unemployment relief. In one case, Montana, the funds involved are of minor significance. The lone state of Wisconsin accounts for virtually all of the $8,000,000 raised by state governments for relief from this source during the past five years.

CONCLUSION

Viewing the accomplishments of the forty-five state legislatures which have already met in 1935, evidence is abundant that the experiences of the past five years have not been in vain. Realizing that relief will play an important role in the states' future responsibilities, legislators are making more adequate provisions for the unemployed. Their efforts to finance relief from general revenues with increasingly less dependence upon borrowing and miscellaneous sources is a welcome departure from the undesirable financing practices of the past. The reliance of some states upon sales taxes for substantial portions of their relief requirements unfortunately persists. Its elimination, however, must await the change of fiscal fashions rather than the dwindling of the states' relief responsibilities.

New York State Municipalities Solve Their Pension Problems

Comprehensive survey by Mayors' Conference helps place local police and fire pension funds on sound actuarial basis

ALBERT H. HALL

Director, Bureau of Training and Research, Conference of Mayors and Other Municipal Officials of the State of New York

In the municipal governments of the state policemen were the first to be covered by retirement provisions. The earliest pension law in New York City, which was passed in 1857, provided pensions for police. Although firemen are also in a spectacular and hazardous service, they were not covered in the City of New York until 1871.[1]

The early police and fire pension laws required no contributions from employees and operated without the accumulation of any reserves for the payment of benefits. The advisability of creating reserves for pensions or of making actuarial calculations of prospective costs was apparently not considered in formulating these early laws. The public did not look upon pension or retirement plans as efficiency measures, but regarded them largely as means by which the public treasury might be used to make charitable contributions to public employees. Naturally, therefore, there was no effort on the part of the public to start sound systems and no provision for the cost of pensions was made until the time when employees began to draw them. It was then too late for the retired employees to contribute toward their own pensions and as a consequence the government paid the entire cost. As the first few cases arose this course did not seem costly.

The pension funds were supported in many instances by miscellaneous revenues such as special taxes, license fees, and other moneys collected by the departments, which were paid directly to the funds. Seldom were direct contributions from either the public or the employees required. As long as the miscellaneous revenues exceeded the disbursements the natural tendency was to increase the benefits. The consequence was that the time came when the disbursements for benefits began to exceed the revenues.

At that time, in some instances, employees were required to contribute toward the support of the systems. The police of New York City began contributing in 1893 and by 1910 the majority of the pension funds required some contributions from employees.[1]

Frequently, when contributions were added, additional benefits were also added, and these benefits increased the cost to the systems far more than the assets were increased by the required contributions. The cause for the unwise course followed seemed to be the illusory character of the figures gained from comparing current disbursements with current receipts. The employees' contributions provided immediate receipts from all active employees, while small immediate benefits had to be awarded only to the comparatively few employees surviving the smaller group of active employees who had served many years before. The heavy deferred liabilities created by the additional benefits were overlooked entirely.

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[1] *Sixth Report of the Commission on Pensions, State of New York,* Legislative Document (1933) No. 111, March 15, 1933, p. 23.

Not only did the systems become more and more costly, but some of them reached points where their current receipts could not cover the current pension roll and no additional indirect revenues were available.

Under the provisions of Chapter 591 of the Laws of 1922 participation in the New York State Employees Retirement System was opened to cities and counties of the state. Under this law general employees of the city who were not participants in any local fund were permitted to join the state system after participation had been approved by the local legislative body. A similar privilege was given to firemen and policemen who were members of local funds and who wished to discontinue the local fund and participate in the state system. A year later the privilege of membership in the state retirement system was also extended to towns and villages and with the approval of local boards any members of existing local funds were able to join the state retirement system. Police of villages in Westchester and Nassau Counties were also permitted to establish local pension funds with the approval of the board of trustees under Chapter 95 of the Laws of 1923. Police of towns in Westchester County with a minimum assessed valuation of twenty-five million dollars were permitted to establish local pension funds with the approval of the town board under Chapter 791 of the Laws of 1928. In a few instances, local pension funds in villages had been provided by special charters or special statutes.

The acute condition of the local pension funds in many cities and villages became apparent as the economic depression gained momentum. The pension lists were growing larger as active members, facing salary cuts, began to press for retirement and miscellaneous revenues began to dry up under the force of economic stringency. All of the evils of unscientific pension programs began to appear to trouble the cities and villages as they struggled with increased expenditures and declining revenues. One large city in the state reported, for example, that its fire pension fund contained "assets" of twenty dollars with a large number of pensioners on the rolls.

STUDY OF LOCAL FUNDS

As the financial condition of the funds became more critical, there were increasing demands by local officials for advice and assistance from the Mayors Conference in solving the problem. Some communities desired information on how to proceed in rehabilitating their local funds while others sought data on the advantages of entering the New York State Employees Retirement System and the procedure and costs of such entrance.

The extent of the problem may best be indicated by pointing out that early in 1931, when such demands for assistance became heavy, there were thirty-four cities with local police pension funds, twenty-five cities with local fire pension funds, and fifteen villages with local police pension funds. Five cities had no local police pension funds, and ten cities had no local fire pension funds. Twenty-one cities in the state had entered their police in the New York State Employees Retirement System and twenty-five cities had placed their firemen in that system. Twenty-two villages had placed their police in the New York State Employees Retirement System and eleven villages had pursued a similar course for their firemen.

In April 1931 representatives of the Mayors Conference conferred with Franklin B. Holmes, Secretary of the New York State Pension Commission and Executive Director of the New York State Employees Retirement System, in an attempt to work out a satisfactory solution of the problem. The Conference proposed to the State Pension Commission that every city and village police and fire pension fund in the state be studied actuarially and that the results of every local survey be embodied in a permanent printed report to be made available to the mayor of the municipality studied. The Conference proposed further that the New York State Pension Commission should make available the services of its actuary and the Conference itself should undertake the gathering of the data necessary for an actuarial survey of every local pension fund.

The coöperating agencies agreed on this procedure and the State Pension Commission made available the services of its actuary, George B. Buck, one of the outstanding actuarial authorities of the country. The Mayors Conference assigned the director of its Bureau of Training and Research to compile the necessary legal, financial, and personnel information. The new coöperative service was inaugurated with an actuarial survey of the police and fire pension funds of Watertown in May 1931.

From the inception of the service, the municipalities of the state coöperated wholeheartedly and showed a strong interest in and appreciation of the studies. All contacts and arrangements for these surveys were handled through the mayors of the various cities and villages.

PROCEDURE FOLLOWED IN STUDY

In making a study, it was necessary to obtain a large amount of detailed information and in some municipalities thousands of forms were employed. In the studies of the police and fire pension funds of the city of Buffalo, for example, more than three thousand forms, containing in excess of forty thousand separate items of information, were used.

The director of the Bureau of Training and Research of the Mayors Conference visited the municipality desiring a study and obtained basic field data on each local fund. In obtaining such field data, it first was necessary to compile general preliminary legal, administrative, and summary personnel and financial facts about each fund. A personnel history of every present employee of the department whose fund was being studied, separations from the service for any reason for a five-year period, and essential data on every pensioner were then obtained.

In the case of small local pension funds, all of this information was assembled during the initial visit. For the compiling of such data on large pension funds, it was necessary to enlist the coöperation and assistance of local officials in making the necessary facts available. In some instances the municipalities used relief workers for this statistical job. After all facts were obtained, the assembled material was sent to the actuary, who prepared a summary of the benefit and contribution provisions of each fund which was sent to a local official for approval.

It was necessary in some cases to make a number of visits to a municipality to obtain all of the information desired. Some of the older funds had on their rolls aged pensioners for whom adequate records did not exist. Telephone calls and personal visits were sometimes needed to elicit the desired information about these individuals. Widow pensioners would sometimes complicate the procedure needlessly by refusing to disclose their ages. Other pensioners and employees, fearing some attempt to change their pension status unfavorably, would refuse to divulge any information about themselves until reassured by the mayor of the municipality that the study had no such purpose.

With the return of the approved summary of the benefit and contribution provisions, the actuary then proceeded with the drafting of the final report which was sent on completion to the Mayors Conference. The Conference then directed the copy to the mayor of the municipality studied with a letter calling attention to the highlights of the study.

SCOPE AND NUMBER OF STUDIES

The studies sent to each mayor were in printed and bound form constituting a permanent municipal record. A letter of transmittal signed by the Hon. John J. Merrill, Vice-Chairman of the New York State Pension Commission, was included ordinarily.

The studies contained normally complete data on the following phases of each local pension fund: Summary of the benefit and contribution provisions of the fund; membership of fund, active and retired; cost of benefits under present law; normal cost of benefits; percentage of salary required to provide pension benefits for average new members; rates of contribution expressed as percentages of salary necessary to provide the benefits for new entrants; cost of benefits to present members; valuation balance sheet showing liabilities of the fund and the contributions required to meet these liabilities; results of valuation; future requirements of fund; annual contributions required to support the fund; conclusions, including alternative solutions of problem; actuarial basis for cost figures, including distribution of number and annual salaries of members by age and years of service, distribution of number and annual pensions of pensioners by age.

Studies have been made of police pension funds in thirty-one cities, fire pension funds in twenty-two cities, police pension funds in fifteen villages, the police pension fund of one town, and the health department pension fund of one city. A total of seventy actuarial studies will have been sent to city and village mayors by December 31 of this year.

RESULTS OF STUDIES

None of the funds studied was found to be in a sound actuarial condition. In one municipality, a police pension fund had a larger income than it required, but in every other municipality revenues were not sufficient to meet the needs of the funds.

In practically every city and village studied, the surveys have been productive of very definite beneficial results. Some municipalities have placed their police and/or fire pension funds in the New York State Employees Retirement System; others have provided for the gradual elimination of existing unsound police and/or fire pension funds by closing such funds to all new entrants. In many communities the mayor has given the studies wide publicity and invited a full public discussion with a view either to place the systems on a sound actuarial basis by local action or to provide for their entrance into the New York State Employees Retirement System. Village officials, alarmed by the unsound condition of pension funds operated under the general village law, have been stimulated by these studies to amend the law in the 1935 session of the legislature in order to make more rigid entrance requirements into the funds and also to increase from 2 to 3 per cent the rate of salary contribution by members. Several municipalities having no pension coverage for police or firemen have entered these groups in the New York State Employees Retirement System as a result of the studies in neighboring communities.

CONCLUSION

New York has again pioneered in a phase of municipal administration by being the first state in the union to survey the police and fire pension funds of its local governments in such a comprehensive manner. By this joint coöperative action of the state and its local governments, a basis has been established for the solution of the whole local pension problem. As has been pointed out, the municipalities have rapidly taken action on the studies and within the next five years it is predicted that practically every local pension fund will have been placed on a sound actuarial basis by local action or will have effected a solution of the problem by entering the State Retirement System, or by providing for the eventual extinction of local funds by barring all new entrants.

The beneficial effects of these studies will be permanent. The studies provide basic data on every local pension fund and arrangements have been concluded with the New York State Pension Commission by the Mayors Conference to bring any of these studies up to date when so requested by a municipality. The Mayors Conference will do the necessary field work and the same general procedure will be followed as in the original studies. This provides, in effect, a permanent system of authoritative actuarial consultation on local pension problems without cost to the municipalities.

PERSONNEL IN THE PUBLIC SERVICE

(Continued from Page 521)

ing results than is the quality of the administrator under whom they serve.

Fourth: That an administrator, to be most effective, needs to have arrived at his post of authority through climbing the ladder in the public service, in subordinate positions and thus to have experienced the impact of power from above, before exercising upon his subordinates the power conferred upon him.

Fifth: That an administrator cannot do justice to the work he is called upon to perform nor to the personnel under him, unless the law makes adequate provision for retirement and pension.

Sixth: That granting that even under a so-called "spoils" system good personnel can be built up swiftly into a working unit and that good results can be obtained, nevertheless its "expectation of life" is so uncertain and the tensions are so great under which its service is rendered, that the citizen and taxpayer who challenges the cost of public services should concentrate first upon the creation of the civil service merit system erected upon a non-political base.

Generations ago Pope wrote this couplet:

> For forms of government let fools contest
> Whate'er is best administered is best.

Had he lived until this day, I am sure he would have added a proviso to the effect that the best method by which to improve administration is to be found in the merit system of personnel selection and promotion.

EDITOR'S NOTE: Address delivered before the National Conference of Social Work, June 11, 1935.

NEWS OF THE MONTH

NOTES AND EVENTS

Edited by H. M. Olmsted

Council-Manager News.— Two cities have been added to the growing list of those now operating under city manager government. On September 9 Eastport and Rumford, Maine, voted in favor of the plan. Saginaw, Michigan, will vote on the adoption of the plan October 14; Chillicothe, Ohio, on November 5. On the same day four counties also will vote on the adoption of manager government —Cuyahoga, Hamilton, and Lucas Counties in Ohio, and Monroe County, New York.[1]

In Nebraska the bill introduced into the state legislature making it possible for the city of Omaha to adopt the city manager plan by popular vote was defeated in committee. Petitions asking for a referendum on the subject are now being circulated, however, in the hope of bringing the matter to a vote in the near future. Petitions are also being circulated in Bayonne, Fort Lee, and Englewood, New Jersey, and in Ogden, Utah. A board of freeholders in Pomona, California, is drafting a manager charter for submission to the voters.

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Charter Candidate Passes New Rochelle Primary.—In one of the heaviest primary elections in the city's recent history, the Charter League of New Rochelle, New York, succeeded on September 17 in placing the name of one of its two candidates for city council on the November ballot, when two councilmen and a mayor will be elected for a four-year term.

The League endorsed two strong independents, both affiliated with the organization since its inception eight years ago, one a well known local club woman, the other a former member of the municipal civil service commission. The woman was nosed out of a place on the final ballot by only fifty-six votes, receiving some three hundred votes more than were received by the Charter candidate in 1933. The successful candidate ran a strong second in the four to pass the primary. The League took no official action in endorsing the candidates for the mayoralty, one of whom is a traditional organization man, the other an independent Democrat who will probably receive active support if not actual endorsement before November.

By a special local law passed in August, the use of voting machines in the city election was made possible. Two years ago, when paper ballots were used, returns were questioned by the League and after lengthy recount proceedings its candidate lost the nomination by ten votes. This year returns were secured immediately (the result was known within forty-five minutes of the time the polls officially closed) and a recount for the fourth position avoided. Machines have been used since 1916 in the general election; the local law was necessary to overcome provisions of the state election law prohibiting use of the machines at party primaries. Paper ballots were used for the party primary (party, county, and state offices) and voters seemed to suffer no inconvenience in moving from the booth to the machine.

W. S. S.

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Federal Bureau of Investigation Holds Police School.— Twenty-one police officers from twenty-one different police departments attended a three months' training course at the United States Bureau of Investigation beginning July 29. This was the first class conducted by the Bureau's training school in its program to provide training facilities to police officials of other agencies throughout the country.

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[1] For further information on the county charter vote in Ohio see article by R. C. Atkinson on page 512 of this issue; for information on Monroe County, New York, see page 537.

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Civil Service for Florida and Michigan Cities.—On June 1, 1935, the Governor of Florida approved a bill passed by the state legislature creating, in each city having over 130,000 population, a civil service board of three non-paid members to be appointed for three-year overlapping terms by the city commission or other administrative board. The members of the board are to be selected on an occupational rather than a political basis. The act provides that "one member of the board shall be from the labor class, and one from the professional class, and one from the business class." Elected officers, board members, city attorneys, and experts are excepted from the provisions of the act. Under the act an appointing officer must select the individual highest on an appropriate re-employment register to be established by the board.

The Governor of Michigan recently approved a bill passed by the legislature permitting any municipality of the state to establish a civil service commission to have jurisdiction over positions in the municipal fire department. The provisions of the act are not to become effective in any municipality until such action is approved by a majority of the electors. The governing body of the city or village may, by resolution, submit the question to the electors at any regular or special election.

The provisions of the act are similar to those included in the model civil service law prepared by the International Association of Fire Fighters, but are permissive and not mandatory.

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Social Science Research.—The Public Administration Committee of the Social Science Research Council, of which Louis Brownlow, director of Public Administration Clearing House, is chairman, announces the appointment of Charles S. Ascher as secretary to the Committee and of Joseph P. Harris as director of research.

The Committee is undertaking a double program over a term of years. Under Mr. Harris' charge it hopes to initiate some new types of research in the field, seeking particularly to capture and record new administrative developments while they are in process, and with the collaboration of the participants in the events. Where no existing agency is prepared to carry on such studies, the Committee expects to seek support for them under its own auspices. Headquarters will be at 850 East 58 Street, Chicago.

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Revising State Constitutions.—A check made by the American Legislators' Association shows that no state, in 1935, revised its constitution except by amendment. At its 1935 session the Pennsylvania legislature passed a law authorizing submission of the question of holding a constitutional convention to the voters. On submission of the question at the primary election of September 17, however, the proposition was voted down by a large majority.

Although the legislature of Tennessee in regular session this year passed two bills, both originating in the senate, one providing for a general election on the holding of a constitutional convention and the other authorizing the election of delegates, both house and senate at the special session rescinded their former action.

A number of states have regular constitutional provisions for calling constitutional conventions, but these provisions have apparently been lightly held. Not one of the states that should have either held or provided for constitutional conventions in the past few years has heeded the constitutional provision.

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Birmingham and Jefferson County Get Civil Service.—Governor Bibb Graves of Alabama recently approved a bill providing for the establishment of a civil service system covering positions in Jefferson County, Alabama, and in the cities of Birmingham and Bessemer (both located in Jefferson County). The bill was passed by the state legislature after a bitter fight. It provides for a citizens' advisory committee charged with the responsibility of naming three civil service commissioners who, in turn, will name a personnel director.

COUNTY AND TOWNSHIP GOVERNMENT

Edited by Paul W. Wager

New York—Monroe County Acts Under Buckley Law.—Monroe County is the first county in New York State to take advantage of the Buckley optional county government law passed at the 1935 session of the New York State legislature. Petitions have been secured signed by 10 per cent of the county's voters at the last gubernatorial election. The petitions insure submission of the question of adopting plan B under the law for a county manager to be appointed by the board of supervisors for a four-year term. January 1 is stated as the time when the new plan, if adopted, will take effect. Vote on the Buckley plan B was substituted for action on a charter prepared under the Fearon charter law. The charter, the first to be made under the law, was filed with the board of supervisors last December by a commission headed by former Supreme Court Justice Arthur E. Sutherland. Its main proposed structure was similar to that of the Buckley plan B except that it provided no term for the county manager. The supervisors took no action on the charter although the law was amended at the last legislative session to require enactment by the board before it was submitted to the people. Public criticism of the board, charging that the Democratic majority, which had sponsored reorganization and provided for appointment of the commission under the Fearon law, had abandoned the issue, led to circulation of the petitions. The Buckley plan was selected since the amended Fearon law's requirement of a ninety-day interval between enactment by the board and a vote would have required a special election following the general election. Members of the charter commission, which includes both Republicans and Democrats and is headed by a Republican, are urging a favorable vote on the Buckley plan, arguing that supplementary details added to the basic plan by the charter can be enacted by the supervisors as local laws if the Buckley plan is adopted. No organized opposition to adoption of the plan has developed. Coöperation of charter commission members and other citizens in suggesting local laws to supplement the Buckley plan has been asked by Democratic leaders.

H. W. Sanford

Rochester, N. Y.

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California—Three Counties Reject Home Rule Charters.—Three California counties recently considered and rejected proposed home rule charters. While the counties were similar in a number of significant aspects,[1] the proposed charters were of sufficient diversity to demonstrate a real hostility to charter reform as such. The charters were similar in one respect, in that each provided solutions for the two most pressing problems of rural county government: the administration and control of highways and of health and welfare activities.

The first charter to be acted upon was that of San Luis Obispo County. This charter provided for the direct election of all the more important county officers except the superintendent of schools, the engineer, and the secretary of health and welfare. Salaries were established, the highest being $3,000, and it was stipulated that any officer receiving $125 a month or more should devote his full working time to the county.

Health and welfare functions were to be placed under an independent board elected much as the supervisors are elected. A sort of associate membership in this board was to be given to one representative of the County Medical Society and one of the County Dental Society. The board was to exercise both policy determining and administrative functions.

The proposed charter struck at the inefficient system of road control common to too many California rural counties: the vesting of the administration of road building and repairs in the hands of the supervisors, each in charge of the road work in his own district.[2] All roads were to be consolidated into one system under the supervision of the county engineer. This officer was given extensive powers, but no effective check was written into the charter to prevent the supervisors from interfering with his work.

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[1] Although there is a considerable variance in population (San Luis Obispo County, 29,613; Butte County, 34,093; Kern County, 82,570), in each case the rural population of the county amounted to between 60 and 65 per cent; and in each county there is one relatively large city.

[2] As may readily be seen, this function makes possible the building up of a strong political following by a none too scrupulous supervisor.

The provisions above indicate a certain lack of confidence in the office-holders held by the freeholders. The fact that the charter called for the establishing of a civil service system (although one of doubtful constitutionality) is more indicative of this feeling than of a desire for efficient government. As further evidence of this, the charter proposed that no supervisor, member of the board of health and welfare, sheriff, or district attorney should hold office for more than two consecutive terms in any twelve-year period. Thus, a blow was aimed at a tradition, deep-seated in most rural California counties, of continuing in office for long periods of years satisfactory office-holders.

Not long after the people turned down this proposed charter in San Luis Obispo County, the electors of Kern County refused to approve a much more interesting proposal there. Here the effort was made to separate policy determination from the execution of policy. The supervisors were ordered to keep hands off the activities of the administrative officers under threat of removal for misconduct.

The charter proposed that the office of county manager should be established, a manager in whom should be vested extensive powers of administration. The Kern County freeholders who drew up the charter showed a fear characteristic of so many constituent bodies: namely, that that body itself is the only one that can really be trusted by the people. So the freeholders delegated to themselves the power (and a power of very questionable constitutionality) of appointing a commission for the selection of the first manager. They further provided that if this commission failed to make a selection in thirty days, then the freeholders themselves should so act. To whichever agency should select the first manager, was to be delegated the power of fixing his salary, within the established limits of forty-eight to seventy-two hundred dollars.

The manager so selected was to be given wide administrative powers. The elective officers were to be compelled to coöperate (not defined) with the manager, under threat of losing their offices. The manager was to control highways through an engineer of his appointment. He was to receive advisory budgetary powers. He was to have some control over public welfare, and was to serve as one member of the very important health commission. The supervisors were to have the power of establishing salaries of all officers, except where salaries were established by the charter. The charter contemplated that the supervisors should look to the manager for his advice in so doing. In the manager was to be vested the power of appointing all appointive officers, deputies, and employees, except where the charter specifically provided to the contrary.

The Butte County board of freeholders proposed the most unique charter of the three. This county has long been operating on a charter, and there was a considerable demand for revision. But the freeholders went too far. Their plan called for placing in the board of supervisors a vast amount of responsibility. The board was to be empowered to make any elective office appointive, and any appointive office elective. It was authorized to provide complete medical, dental, and hospital care, not simply for indigents, but for all residents of the county. It was given the power to establish any public service deemed necessary. It was also vested with wide powers of supervising most of the appointive and elective officers of the county, and given the power of establishing all salaries except its own.

In certain respects the powers the supervisors had exercised were to be curtailed. Roads were to be consolidated into one district and placed under the jurisdiction of the county engineer. All health, welfare, and relief activities were to be placed in the hands of an administrative officer responsible to a health, welfare, and relief board, the lay members of which were to be appointed by the supervisors for staggered terms of four years.

Other administrative activities were to be exercised by a sort of manager to be known as the executive secretary, appointed by and responsible to the supervisors. His salary was to be fixed by the supervisors, but could not be less than $3,000 a year. He was to be given considerable power of investigation and significant financial control over all agencies of the county except schools. Much of the work of the supervisors was to be done on his recommendation. It was also made mandatory on him to prepare and publish an annual report on the government and activities of the county. The supervisors were to be prevented from interfering with the administration of his office on the pain of losing their positions.

Only half a dozen officers aside from the supervisors were left elective, and only one of these, the sheriff, held an office of much responsibility. The auditor and district attorney were to be appointive, except that an alternative provision was inserted, allowing the electorate to make the office of district attorney elective.

For the election of the county superintendent of schools, an educational qualifications board was to be established, composed of the composite membership of all the numerous local boards of education and school trustees. The county board of education was to be appointed by this qualifications board on the recommendation of the county superintendent.

As the freeholders provided for the appointment of the auditor and the possible appointment of the district attorney, they set up a novel form of check-up. The grand jury, an effective agency of independent action in the rural California county, was given the mandatory duty of conducting an annual investigation into all of the financial transactions of the county. It was to be empowered to employ such assistance as it needed and provide compensation therefor. The charges of this investigation were to take priority over all ordinary expenses of the county.

Charles Aikin

University of California

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Wisconsin—Two Counties Vote to Form Power District.—By a vote of 3,227 to 1,097, much more than the required two-thirds, the electorate of Polk and Burnett Counties voted to establish an electric power district composed of these two governmental units. Of twenty-eight towns and villages voting, twenty-one approved creation of the district. The matter now goes before the Public Service Commission for hearings and approval. In case of approval a board of five will be named to begin acquisition of existing utility interests or development of a new power plant. The commission made a survey of the situation last June, reaching the decision that the projected district was feasible subject to certain conditions. These included the stipulations that outside financial aid be obtained to start the district, that the original debt be kept low, that interest rates on bonds be kept below 6 per cent, and that a genuine saving on the general expenses of the existing private utilities be shown.

This is the first example of a referendum upon power districts as provided under the law passed in 1931. To a certain degree it is significant as signalizing the entrance of the county unit into the field of proprietary functions, although actually a special district government is provided for, based on the territory occupied by the counties.

It is interesting to note that the voters of both counties are overwhelmingly adherents of the LaFollette Progressive movement.

Lee S. Greene

University of Wisconsin

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Ohio—Cuyahoga County Cuts Costs of Governmental Accounting.—Detroit, Cincinnati, Newark, and Cuyahoga County (Cleveland), Ohio, have all made great strides forward in modernizing their accounting systems —and almost any modernization program calls for the introduction of mechanical aids. These four taxing centers each have their individual problems, although their basic problems are similar. In mechanizing their tax accounting procedure, these four offices adopted systems of surprising similarity. A brief description of the Cuyahoga County set-up will give a general idea of what these progressive tax offices have done.

The undersigned were engaged by County Auditor John A. Zangerle for the purpose of making an accounting survey in his office and to revise systems and methods.

In Cuyahoga records which had been typed year after year are now imprinted from Addressograph plates. In this county there are about 400,000 parcels of property and the legal descriptions of these are technical and complicated. It formerly took thirty typists three months to copy these tax records which are now produced in a few weeks from these metal plates by two operators. In typing, errors were always creeping into the records and these were carried for years. Perfect duplication is assured with the Addressograph metal plate record.

There are approximately one million special assessment items every year and these were listed annually in 102 voluminous books. A 5 x 8 account card for each parcel under every special assessment improvement was introduced with provision for eighteen years assessments, if needed. This eliminated the necessity for writing these 102 large ledgers annually. Information on these cards was imprinted from the same Addressograph plates from which the tax roll is prepared.

Formerly, a duplicate copy of our tax roll served as an assessor's record, or valuation control, but another card record was designed to eliminate these books. A real estate control card was designed carrying all required information regarding each parcel in the county spaced to serve for twenty years. The reverse side of this card is an account of special assessments, and all charges to the tax roll, therefore, have their source on this card.

Simplification and economical methods have been effected in accounting routine as well as in the preparation of the duplicate. In this county, the treasurer collects the taxes but the auditor must analyze and distribute them. In analyzing collections in the past, the auditor borrowed the bill stubs from the treasurer. The analysis was made in longhand. This year a special auditor's stub was provided on the bill form, and the auditor's stubs turned over daily while tax collections were in progress. This made it possible for both offices to work simultaneously with no conflict. Dalton listing machines proved of great value in the analysis work and presented promptly a much neater record than the former hand-written analysis.

In determining the tax due, computing interest, cross-adding tax books, balancing one million special assessment accounts, distributing forty-five million dollars in the semi-annual tax settlements and in a number of other accounting calculations we use a staff of forty comptometer operators. Comptometers furnish speedy and accurate calculations and enable completion of an enormous job in a remarkably short time.

The vast extent of accounting operations in governmental accounting, embracing time-consuming manual methods, is a field in which mechanization is certain to result in better records and to effect great savings in cost, labor, and time.

We are completely sold on the use of accounting machinery in public offices and, for efficiency of operation, we believe the new Cuyahoga County system compares favorably with that of any commercial office.

Clark L. Simpson,
Certified Public Accountant
Charles B. Ryan,
Deputy Auditor
Cuyahoga County, Ohio

TAXATION AND GOVERNMENT

Edited by Wade S. Smith

Added Burdens for the Cities.—As this is written, two Washington announcements presage fiscal worries for American municipalities during the coming winter. Both have to do with the relief situation, one through public works, the other through federal care of transients.

President Roosevelt's decision to let the Works Progress Administration under Harry L. Hopkins spend the remaining $1,250,000,000 of the works relief fund to provide jobs until PWA projects swing into their peak employment period next spring left Secretary Harold Ickes and the PWA only $425,000,000 for public works. Congress had allocated $900,000,000.

This means that PWA projects have had their chances of approval virtually cut in half. The seriousness of the situation is further reflected in the fact that the cities and states are estimated to have spent around $10,000,000 for special elections to authorize bond issues, revise laws, and hold special legislative sessions to work out statutes which the President himself requested to expedite PWA operations.

On the basis of 45 per cent PWA grants to accompany 55 per cent local contributions, the $425,000,000 would permit projects costing about $1,000,000,000. PWA has applications on file for more than ten thousand projects, involving an expenditure of about $2,600,000,000. All new projects, it has been officially indicated, will be taken from this list, with special emphasis on those ready to go into the construction stage immediately.

Added to the existing confusion of allocation of projects, shifting deadlines for their presentation, and the evident conflict between WPA and PWA policy, this latest curtailment of funds available for PWA seems to mean that cities may expect such further delay in work programs as to make them of questionable assistance in meeting the winter's relief needs. Certainly the immediate burden is to be thrown upon the local communities.

Further bad news for many cities is contained in the announcement that after midnight September 20 the doors of 595 lodges and camps maintained by the federal government in its transient relief program will be closed to future guests. The present schedule calls for discontinuance of city transient lodges in November, with transient camps in rural areas continued as work projects.

Up to date, transient relief is said to have cost the government about $70,000,000 since it was begun in 1933. As of August 15, the transient population consisted of 122,018 individuals, 123,248 members of 34,484 transient families, and 10,445 homeless individuals being cared for in the communities where they usually lived.

Indications are, therefore, that the transient population will face one of the toughest winters since the depression began—and the cities will be called upon for a contribution in the vicinity of $35,000,000 if they are to take over the program abandoned by the federal government. Of course, Washington hopes that the works program will be under way in time to absorb all the employables now cared for in the transient camps. (Only about 7 per cent of the total are estimated to be unemployable, and will be thrown either on the local communities whence they came, or into veterans' camps or similar institutions.) Nevertheless, many cities may expect to spend considerable sums in emergency appropriations as a result of this shifting of the transients onto the municipal relief rolls.

Taken together, these two developments point distinctly to a situation which has been widely heralded during the past year or so. Faced with the coming presidential election, rising criticism of the taxation resultant of the rehabilitation program, and increasing complexity of the public works plans, Washington is shouldering the burden onto the cities as rapidly as possible—more rapidly, perhaps, than they are able to assume it.

Budget-making will be, for the majority of American cities this fall, a difficult and uncertain process. With operating expenditures skinned about as close to the bone as is possible in many instances, debt maturities often at their peak, tax delinquencies reverting to higher percentages or at best merely holding their own in spite of heroic collection efforts, managers and finance officers face the almost impossible task of estimating the added burden which must be provided for because of the federal government's retreat. The past two years' "breathing spell" for local taxpayers, beginning to bear fruit in some sections, is to be cut short.

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Three-Point Tax Program for West Virginia.—At a recent meeting the executive board and legislative committee of the West Virginia League of Municipalities adopted the following legislative plan:

(1) That the League continue its incessant pressure for adoption of the principle of state-collected, locally-shared taxes to finance functions imposed by the state upon municipalities;

(2) That the League seek diligently a reallocation of tax levies, within the (tax) limitation, between cities, schools, and counties on a basis of urban-rural population ratios;

(3) That emergency legislation be sought enabling cities to impose sufficient excise taxes to re-establish and maintain essential municipal services pending procurement of adequate revenues from sources (1) and (2).

West Virginia cities, it will be recalled, are operating under ham-stringing tax limitation laws which have necessitated widespread special referenda to permit levying taxes outside the limit. The legislative program of the League aims to stabilize the revenue condition of the cities in a continuing plan which, apparently, will permit a lessened dependence upon the property tax. Had such a plan been developed and enacted by the legislators rather than the tax limitation scheme, much distress for the state's communities might have been eliminated.

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National Movement to Legalize Lotteries.—Carrying forward a spasmodic movement noted in these pages last spring, The National Conference for Legalizing Lotteries, Inc., has been formed to fight for legislation in the forty-eight states to permit lotteries under supervision for the benefit of hospitals and other institutions.

Administrators believing in an orderly system of taxation to finance necessary community enterprises, as well as those looking askance at the lottery as a social menace, will take heart at the announcement of a spokesman of the Conference that the constitutions of forty of the states must be amended before the group's goal can be reached.

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New Jersey Sales Tax Repudiated.—Overwhelming popular disapproval of the state's sales tax, said by the Retail Merchants Association of New Jersey to have caused a 9 per cent decline in business in the northern part of the state in August, was voiced by Jersey voters at the primary September 17 when the Reverend Lester H. Clee's "Clean Government" Republican ticket virtually swept the state on an anti-sales-tax program. As speaker of the assembly, Clee has been a constant embarrassment to Governor Hoffman during the past session of the legislature, and his victory at the polls is interpreted to mean a stringent economy program for the state and the probable disruption of the Governor's taxation program.

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Liquor Taxes for the Current Year.—Close to $145,000,000 should be forthcoming in state revenues from the people's thirst this year. This figure is arrived at in a study of state liquor taxation just made for the American Legislators' Association. It represents the actual or estimated revenues of $92,230,000 in twenty-four of the thirty-two states licensing beer and liquor dispensaries, plus the total of $51,798,000 in ten of fourteen states operating liquor stores. This is an average of $1.71 per capita in states which license dealers and an average of $1.79 in states with self-operated liquor stores.

By individual states, the "expectations" from liquor taxes are highly variable, due to differences in tax rates and rates of consumption. New York State got $41,490,000 from excise and license taxes in 1934-35—a per capita revenue of $3.20. California anticipates an annual revenue of $3,300,000, or $0.54 from each of its inhabitants. Illinois, New Jersey and Wisconsin are other states in the group which anticipate revenues of $4,000,000 or more from liquor.

Among the states operating state liquor stores Ohio, with an expectation of annual revenue totaling $16,196,000, or $2.38 per capita, tops the list. Pennsylvania anticipates $15,000,000, or $1.53 per capita; Michigan, $7,579,000, which is $1.50 per capita.

Forty states now permit the sale of beer, wines and liquor. Six additional states license 3.2 beer but nothing more potent. The only state where it hasn't been possible legally to buy a drink since the first of the year is Alabama. Kansas does not recognize lifting of the prohibition-ban by licensing the sale of liquor, but the state supreme court has ruled that the intoxicating quality of a beverage can be determined only by whether or not it makes the drinker drunk—and this question must be judged in each individual case.

Since the first of the year 31 states have either made new liquor laws or revised existing statutes. Arkansas approved the sale and manufacture of wines. Tennessee raised the legal alcoholic content of beer from 3.2 to 5 per cent. West Virginia and Utah joined the states selling liquor in state stores. Ohio repealed her excess gross profits tax on alcoholic beverages and removed the $1 gallonage tax on liquor.

PROPORTIONAL REPRESENTATION

Edited by George H. Hallett, Jr.

Judge Seabury to Address Annual P. R. Dinner.— Judge Samuel Seabury, whose probe of graft and corruption in New York City's government led to the present Fusion administration and the creation of the present New York charter commission, has agreed to address the annual dinner of the Proportional Representation League this year. His topic will be "The Outlook for P. R. and a New Charter in New York City".

The dinner will be held as usual in connection with the National Conference on Government of the National Municipal League. The place this year will be the Hotel Biltmore, Providence, Rhode Island, and the time 7 P. M., November 25. Reservations may be made through the National Municipal League, 309 East 34th Street, New York City.

The addresses will be preceded by the annual meeting of the Proportional Representation League, Inc., now operating in conjunction with the National Municipal League, which will require but a few minutes. All are welcome to attend.

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The Alberta Landslide.—Quite aside from the interesting social theories of the new government, few elections have been more significant or pointed a clearer moral than the recent landslide in Alberta.

The province of Alberta elects members to its single-house legislature by two different methods. In the cities of Edmonton and Calgary it uses the fairest system known, the Hare system of proportional representation. In the rest of the province, largely rural, it uses the corresponding system of majority preferential voting, generally known as the "alternative vote", in single-member districts. Although the alternative vote makes certain of a true majority result in each district, it makes no provision for the representation of minorities.

This difference in method has been the subject of legitimate protest ever since the present methods were put into effect by the United Farmers of Alberta back in 1924. Conservatives and Liberals objected that it was unfair for the Farmers' government to give representation to the Labor minority allied with it in the cities and at the same time deny representation to the old-party minorities in the country. Many of the more idealistic U. F. A. members thoroughly agreed with this view and one U. F. A. convention went so fas as to request the government to explore the possibility of extending P. R. to the whole province. But the "practical" political leaders of the Farmers' party always laid great stress on the difficulties of enlarging the country districts so as to elect several members each and the desirability of keeping the representative in close touch with his electorate.

Persons thoroughly familiar with the province claimed that by keeping in mind the location of railroads and highways it would be easy to map large P. R. districts which could be covered more easily than many of the existing districts, but the U. F. A. government remained unconvinced. In the light of what has just happened as a result of keeping the small districts one wonders whether the supposed disadvantages of the large districts now look so important.

In the election of August 22 the United Farmers of Alberta, which had governed the province with substantial majorities for fourteen years, elected not a single member of the legislature. They polled roughly 16 per cent of the votes in forty-five strictly rural districts and under P. R. would have elected six or seven members from that part of the province at least. But since they had not retained a majority in any single district, even the best of majority systems gave them no representation.

According to newspaper reports the new Social Credit government polled about 55 per cent of the votes in the province and elected 89 per cent of the members, fifty-six out of sixty-three. As the Calgary *Herald* remarked editorially, "No party, new or old, requires such a top-heavy majority in the legislature to carry out its policies as has been given to the Social Credit party. A strong opposition is one of the best assurances of careful and beneficial legislation."

The opposition consists apparently of five Liberals and two Conservatives. Most of these were elected in Calgary and Edmonton, where P. R. assured due representation to all large groups.

The new majority consists entirely of new and untrained men. And these new men, some of whom might perhaps have gained previous experience themselves as minority members had P. R. been in effect throughout the province, will be deprived entirely of the benefit of constructive criticism from those who have had the experience of governing for fourteen years.

Will Premier Aberhard and his government make sure that this sort of thing does not happen again by extending P. R. to the whole province? Or will they, as so many have done before, feel confident of retaining their exaggerated power until it is too late.

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Cuyahoga County, Ohio, to Vote on a P. R. Charter.—The first county in the United States to have a chance to adopt proportional representation will be the county containing the largest city in the United States which has so far used it. The county is Cuyahoga and the city Cleveland.

The official charter commission of Cuyahoga

County has now definitely submitted its charter and that charter is based, as forecast in this department for January 1935, on the county manager plan with a county council of nine elected at large by proportional representation. Eight members are to be elected together by P. R. and the president of the council separately by the corresponding Hare system of majority preferential voting (the "alternative vote"). The charter will be voted on at the regular election on November 5. A more comprehensive discussion of its provisions will be found in Mr. R. C. Atkinson's article, "Four County Charter Proposals in Ohio", on page 512.

In addition to the usual advantages applicable to cities, P. R. offers special advantages in connection with county government. Most populous counties, like Cuyahoga, contain both city and rural areas with divergent interests, and nearly all counties contain numerous municipalities, jealous of their rights, which could not be given separate representation on a county council without making its size unwieldy. Any districting is of necessity arbitrary and has all the disadvantages of the ward plan, yet election at large under ordinary methods might exclude large parts of the county from satisfactory representation. P. R. makes it possible to get all the advantages of election at large without the danger of a monopoly by any part of the territory and with the certainty that practically all voters will be represented.

This completeness of representation under P. R. was amply demonstrated by Cleveland's five P. R. elections,[1] the results of which contrast significantly with those of the ward plan used before and after. Here are the figures:

CLEVELAND CITY COUNCIL ELECTIONS

	Number of Valid Votes Cast for Council	Number Which Helped Elect Councilmen	Percentage Effective
Ward plan with defective preferential voting			
1917	91,556	42,460	46%
1919	97,823	51,719	53%
1921	130,207	60,307	46%
Proportional representation			
1923	105,846	85,639	81%
1925	99,649	81,373	82%
1927	146,813	117,922	80%
1929	123,453	96,275	78%
1931	155,942	120,289	77%
Ward plan with elimination primary			
1933	252,648	149,655	59%

If the numbers who saw their very first choices elected are compared, the advantage is still emphatically on the side of P. R. In the table below the figures for the last election are for the nonpartisan elimination primaries, when the voters had an unrestricted choice of all the candidates corresponding to the first choice under P. R. They show what percentage of those who voted in the primaries saw their candidates elected in the final election.

CLEVELAND CITY COUNCIL ELECTIONS

	Number of Valid Votes Cast for Council	Number Who Saw First Choice Elected	Percentage Who Saw First Choice Elected
Ward plan with defective preferential voting			
1917	91,556	38,141	42%
1919	97,823	49,021	50%
1921	130,207	54,718	42%
Proportional representation			
1923	105,846	61,301	58%
1925	99,649	58,621	59%
1927	146,813	99,775	68%
1929	123,453	68,890	56%
1931	155,942	80,424	52%
Ward plan with elimination primary			
1933	202,540	75,258	37%

Unlike the city of Cleveland, Cuyahoga County already elects at large. The tables above make it clear that P. R. will make it possible to keep the advantages of county-wide elections and at the same time get a completeness of representation which no district plan could offer.

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This Fall's P. R. Elections.—On November 5 four American cities will elect city councilmen by proportional representation. Toledo will do so for the first time, Hamilton, Ohio, for the fifth time, Cincinnati for the sixth, and Boulder, Colorado, for the tenth.

In Toledo the City Manager League, taking a leaf from the book of the Cincinnati City Charter Committee, is running a full high-grade independent ticket of nine in opposition to the nominees of political groups. Partly because there was no early limit placed on the time within which nominating petitions might be circulated, no less than sixty-six candidates are in the field. Beyond making it slightly less easy for the voters to locate their favorites, this should have no ill effects. It will not slow up the count very much, for under the Toledo P. R. rules all who fail to poll as many as five hundred votes are to be defeated at one time and their ballots transferred to the voters' next choices as one operation. The recent experience of Wheeling with nearly twice as many candidates proves that under P. R. a large number of contestants does not cut down noticeably the number who help elect candidates for whom they vote.

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[1] Cleveland's P. R. elections, unfortunately, were not held at large. The completeness of representation would have been even greater if they had been.

In Cincinnati the independent City Charter Committee, having won five successive P. R. elections and established a phenomenal record of decreasing taxes with increasing services, is presenting a strong ticket again with four of its present five councilmen seeking re-election. The Republican organization, which has four of the present nine councilmen, is also presenting a ticket. Foremost among the unattached independents is Rev. Herbert Bigelow, widely known as a crusader for social justice.

In Hamilton the Charter group, which elected four out of seven at the first P. R. election and five ever since, is presenting once again a representative slate of high-grade citizens who have never been identified with politics of the old school.

GOVERNMENTAL RESEARCH ASSOCIATION NOTES

Edited by Robert M. Paige

Bureau of Governmental Research of the Indianapolis Chamber of Commerce.—The Bureau of Governmental Research is the successor to the Department of Civic Affairs, maintained by the Indianapolis Chamber of Commerce for many years. The Bureau has just completed its first year of activity. One of the first reports published by the new Bureau dealt with the police and fire pension funds of the city. The Bureau pointed out that contributions to these pension funds by members of the police and fire departments and by the city are not based on actuarial calculations, that the reserves are being depleted, and that the police and fire funds contain only a very small fraction of amounts which they should contain to be actuarially sound. To correct this situation the Bureau recommended that a new pension system be devised to cover both firemen and policemen, that the contribution of members be substantially greater than at present, and that members' contributions be based upon their age at the time of joining the force and the amount of their salary. The Bureau assisted in the drafting of legislation making these and other needed changes in the present pension laws and this legislation, substantially as drafted by the Bureau, was submitted to the 1935 session of the Indiana legislature. Because of the interest of other cities of the state, however, the legislature decided to create a study commission to draft a bill applicable to all cities. This commission will report in 1937. It is interesting to note that the survey of the city government made by the New York Bureau of Municipal Research in 1917, pointed out the unsoundness of the old pension system, but no effort was made by the city to remedy the situation.

The Bureau has devoted a great deal of time to a study of needed changes in the police department. Early in the spring a group of policemen and the director of the Bureau spent several days in Milwaukee, intensively studying police practices in that city. The Bureau issued a few months ago a brief memorandum summarizing the methods and procedures of the Milwaukee department which might profitably be adopted in Indianapolis, and attempting to explain the major causes for the fine record of the Milwaukee police.

During May, in coöperation with the Public Service Institute of Purdue University, the Bureau conducted a four-day training school for police officers from throughout the state of Indiana. More than seven hundred men attended this short course, which was extremely well received.

The Bureau has also investigated the operation of merit and service record systems in large city police departments and after recommending that Indianapolis adopt the Probst rating system, is assisting the police department and the reorganized state police force in the installation of this system.

Two reports have been made by the Bureau this year for the Indianapolis Sanitary District. The first was a report on sewage treatment and garbage disposal; the second dealt with garbage and ash collection. The studies have been particularly valuable at this time as the 1935 state legislature provided for the abolition of the independent Board of Sanitary Commissioners, and the assumption of the duties of this board by the

Board of Public Works and Sanitation, appointed by the mayor. The Bureau points out that the sanitary district has in the past administered its duties with a high degree of efficiency and with a remarkably high degree of satisfaction to householders. A study of the costs of ash and garbage collection in other cities comparable in size also reveals that costs have been extremely low in Indianapolis. The Bureau expresses the hope that the new set-up will not result in a lowered efficiency or morale in the sanitary district's staff.

Other reports issued this year by the Bureau have dealt with "Bonded Debt Burden on Indianapolis Property" and the problem, "Shall the City of Indianapolis Establish a Central Storeroom?" This question was answered in the negative for a large storeroom, but the Bureau did advocate the setting up of a small storeroom for a few common articles. "Administration of Old Age Pensions in Marion County," "Mothers' Aid in Marion County," "Distribution of Gross Income Tax Receipts Among Local Units of Government" are other studies which have been made by the Bureau during its first year. Virgil Sheppard, formerly of Toledo, is serving as the director of the Bureau, William H. Book, the director of the old Civic Affairs Department being now the executive vice president of the Indianapolis Chamber of Commerce.

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Tennessee Taxpayers Association.—The 1935 Tennessee legislature adopted a joint resolution requesting the governor to employ auditors and investigators and to have a survey and audit made of various state departments in an effort to discover any irregularities or inefficiencies which might exist. The governor requested the supervision of the Tennessee Taxpayers Association in the execution of these tasks. Accordingly, the Tennessee Taxpayers Association appointed a special advisory "Committee on State Audit" to aid the executive secretary and arranged for securing the expert services of Griffenhagen & Associates, consultants in public administration and finance, and of George G. Scott & Company, certified public accountants.

Griffenhagen & Associates submitted a report on the organization and personnel practices of all of the principal departments, agencies, and institutions of the state. This high-spot picture of existing conditions revealed many opportunities for securing greater economy and efficiency in the conduct of the state's business. The reorganization recommended in 1923 by the New York Bureau of Municipal Research has been only partially carried out. There are at present sixty-three state administrative agencies independent of each other and of any other authority below the governor, and many not even responsible to the chief executive. All of the bad results to be expected from a loosely knit organization of this kind were observed in the Tennessee government. Furthermore, reorganization of some of the larger of these sixty-three units is also clearly needed. Personnel administration in the state is also unsatisfactory, the state lacking even a basic classification of positions. The application of the recommendations made in this report would save the state approximately $500,000 a year.

George G. Scott & Company has submitted a summary audit of the accounts for the past two fiscal years, revealing for the first time the actual size of the state deficit and the rate at which expenditures have been exceeding revenues. The Scott Company also submitted a detailed report recommending many changes in the administrative organization and routines in the state's Department of Finance and Taxation.

The Tennessee Taxpayers Association provided supervisory and research services in connection with these surveys without cost to the state. A state appropriation of $10,000 administered by the Association, was devoted almost entirely to the securing of services of the consultants mentioned above. In the installation of the reforms and recommendations produced by these surveys the Association has pledged its willingness to coöperate with the governor and the legislature in every possible way.

While the Association was engaged in supervising the audit and the efficiency surveys of the state, performed in the main by outside accountants and consultants, the Association offered the services of one of its own research accountants to Governor McAlister to aid him in developing a detailed financial program to be presented by the Governor to the special session of the general assembly, and in preparing the detailed schedules of operating expenditures required for the enactment of a proper biennial appropriation bill. The resulting appropriation bill enacted at the end of the recent special session assures a continuation of most of the large reductions in the cost of government originally provided through the 1933 appropriation act. Net reductions of $5,393,000 per year below the operating costs for the period ending on June 30, 1932, are assured in the new bill which covers expenditures for two years from July 1, 1935.

The Taxpayers Association takes no part whatever in any question involving the production of additional revenues. It has pointed out however that a reorganization of the tax enforcement machinery of the state, the creation of a director of the budget, and a reorganization of the unit performing audits of state and county offices would increase the yield of existing tax laws by $3,000,000 per year and produce savings of about $500,000 a year through more effective control over expenditures. The Association believes that the state should secure a uniform and impartial observance of present tax laws before resorting to new taxes.

Revision of the State Constitution

Governor McAlister, in his second campaign for the governorship, as well as the Tennessee Taxpayers Association, substantially promoted the movement for revising the state constitution, now sixty-five years old and not amended since it was adopted as a temporary expedient during reconstruction days five years after the close of the Civil War. The regular session of the sixty-ninth general assembly, at the Governor's request, authorized an election to be held on October 10, 1935, in order that the citizens might determine whether a constitutional convention should assemble and draft a revision of the state's basic law. When that enactment was made in January, it was believed that placing the date as far away as October 10 would give adequate time for the necessary educational work to be done. But a second session of the legislature was found imperative to enact the biennial appropriation bill and other fiscal legislation, and with audits and efficiency surveys consuming all the time of most of the actively interested parties between the two sessions of the 1935 legislature, it was found that on August 1 almost no work whatever of an educational nature along this line had been done and that the question, if allowed to go to an election before a proper amount of educational work was carried on, would necessarily meet with a serious defeat, estimated at five to one.

In order to save the $50,000 to $75,000 estimated cost of conducting the election, which would fall upon the various counties of the state, the Tennessee Taxpayers Association, after extended conferences with governmental administrators and legislators, with business leaders, with members of the bar, representatives of the press, etc., determined to sponsor a movement seeking to have the election deferred and a new approach made to the whole problem.

Governor McAlister, recognizing both that the revision movement had not yet been sufficiently publicized to win the necessary support, and the futility of expending in this year around $75,000 in a negative referendum election, ultimately gave his approval to the resolution thereafter adopted at the special session of the general assembly, which suspended its earlier enactment requiring an election to be held.

It has since been found that the constitution, under existing law, can be revised by amendment without the necessity for placing the broad sweep of the entire matter of revision before a constitutional convention. A movement by the Taxpayers Association is now under way for the creation of a committee of representative business and professional men and women to draft a proper amendment and to lead a campaign for its adoption. By proceeding along this line it is believed the amendment of the provisions now standing in greatest need of change can be effected. On the other hand, it appeared doubtful whether, in view of all the elements of unrest and uncertainty abroad in the land, the voters of Tennessee could have been persuaded to authorize a complete rewriting of the organic law of the state.

Statewide Survey of Local Government

The Tennessee Association is now about to complete arrangements with the investment bankers of Tennessee under which the Association expects to use four groups of field accountants for the next eight months in assembling fundamental data respecting the income, expenditures, indebtedness, sinking funds, etc., of each of Tennessee's 95 counties and of each of the 145 municipalities that have bond issues outstanding.

The staff of the Association is now engaged in completing the analysis of income and expenditures, indebtedness, etc., of the state government, representing its fourth such annual survey. Comprehensive reports covering all studies of state and local government are mimeographed and bound and given wide distribution.

*

Pennsylvania Economic Council.—The Council, a non-profit corporation organized for research into the cost of state and local government in Pennsylvania, has been carrying on an extensive program since early in 1934.

The routine phase of the Council's work involves the collection of the annual financial data from Pennsylvania's counties, cities, boroughs, and townships, and the careful analysis of the data from each unit according to the Council's uniform financial schedules. Thus the fiscal transactions of these units are now available on a comparable basis.

Being an unofficial organization, the Council must depend for its data and effectiveness in obtaining efficiency and economy in government on the voluntary coöperation of public officers. This coöperation has been such, however, that virtually all of the larger communities (66 counties, 45 cities, 146 boroughs, and 123 townships—380 units) have been analyzed for the fiscal year 1933, along with more than 350 other units (boroughs and townships of less than five thousand population). Similarly, the program for the collection of 1934 financial data is about three-fourths completed. Small units are analyzed in so far as reports are readily available, but there are many where the expense of field calls and transcribing data would be prohibitive.

Because of a notable lack of uniformity and adequacy in the accounting and reporting practices of the various units of local government in Pennsylvania, cost comparisons have not been practicable in the past. Recently enacted legislation, however, will require all cities and counties and will permit boroughs to adopt a uniform budgetary procedure, to employ standard budget forms, and to submit annual reports according to a prescribed form. A member of the Council's staff has been loaned to the Department of Internal Affairs to assist in carrying out the provisions of this law.

The financial schedules now prepared by the Council for each governmental unit are distributed in mimeographed form. The complete schedules include from 264 to 271 items; the summaries from 42 to 45 items. These schedules are so arranged that the data for a group of local units may readily be assembled in parallel columns for direct comparison.

During the past year a number of special studies have been made and published in mimeographed form, these including "Financial Analysis of Four Boroughs in the Anthracite Coal Region of Pennsylvania," "Emergency Relief and a Special Session," "Township Government in a Pennsylvania County," "Borough Finances in Chester County, Pennsylvania," "Sources of Taxation for Local Governments in Pennsylvania," "The Legal Functions of Local Governments in Pennsylvania," "Finances of Third-Class Cities of Pennsylvania—1933," "Finances of Pennsylvania Counties—1933," "Cost of Rural Highways in Pennsylvania—1923 to 1932." Numerous special studies of various phases of the fiscal affairs of Pennsylvania's counties, cities, boroughs, and townships have been made and are in progress. The results of these studies are summarized and released by the Council from time to time.

An outstanding feature of the Council's activities has been the semi-monthly publication of its *Bulletin,* a mimeographed periodical of about five pages chiefly devoted to the presentation of summaries of its tabulations for comparable governmental units. Beginning in July of this year, the *Bulletin* has been issued in separate county and municipal editions, and a school edition is contemplated for the near future. A special effort has been made to present data of interest to public officials and in a form readily comprehended. This has called for a notable use of graphical presentation.

The Council is coöperating actively with the joint legislative committee created by an act of the last general assembly for the broad state-wide study of Pennsylvania's system of public schools from the standpoint of costs and possible economies.

Citizens' League on Government and Taxation of Santa Clara County (San Jose, Calif.).—Following an unsuccessful county manager charter campaign two years ago, the League became dormant until reorganized early this year as a research bureau with J. H. Jamison, formerly a member of the staff of the California State Department of Finance, and before that assistant to City Manager John Edy of Berkeley, California, as director.

During the past five months the League has been exceptionally active, with two principal objectives: First, to make a complete survey of county government; and second, to show the officials where savings could be made or efficiency increased. Perhaps the most significant accomplishment of the League has been to secure the publication of the proposed 1935-36 budget in detail, as required by law. Heretofore only summaries were published, with the result that the taxpayer had no detailed information as to how and where his money was spent. Last year but twenty copies were requested by taxpayers. This year, because of increased interest, the first printing of five hundred copies was exhausted within three days.

With proposed expenditures 18 per cent greater than the last fiscal year and a proposed tax levy which would increase tax payments 11 per cent, the Citizens' League submitted a list of recommended reductions in the proposed expenditures, none of which would injure any essential service, in the amount of $260,000. If adopted, they would have reduced the proposed tax rate from $1.15 to 96c. The recommendations are now being considered by the board of supervisors.

Other recommendations made to the board have been:

(1) That private hospital facilities be used instead of constructing a $300,000 wing to the county hospital. (County had applied to PWA for a $300,000 loan.)

(2) That gasoline tax money be allocated on the basis of mileage and highway needs, rather than on the basis of assessed valuation of each supervisory district. (Disregarded by board.)

(3) That highway maintenance and construction be centralized in the office of the county surveyor. This would eliminate the necessity of five sets of road equipment, which are now required under the present system of permitting each supervisor to maintain and construct highways in his district. It would also enable the county to establish standards of maintenance and construction, and to maintain proper cost accounting records, none of which are now kept. (Disregarded by board.)

(4) That the purchasing agent be required to purchase on the basis of price, quality, and service, regardless of the bidders' political affiliation.

(5) That the chicken farm operated at the county almshouse at a net loss of nearly $20,000 in five years be eliminated. (Head poultry man has been dismissed.)

(6) That proper cost and production records be installed at the county almshouse in connection with the farm, dairy, and hog raising. (This is being done.)

(7) That no person be admitted to the county almshouse without the certification of the social service division of the county charities department. At present only a card of admission from a supervisor is required, with the result that about 50 per cent of the 220 inmates are not legal charges of the county. (Under advisement.)

(8) That the board of supervisors appropriate sufficient money for a complete audit of county books, which the county has not had since 1930. (This has been done.)

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Bureau for Street Traffic Research of Harvard University.—The Bureau was organized over ten years ago to study the causes of traffic accidents and congestion, and to train men for public service in the field of traffic engineering. It has the backing and support of such organizations as the Automobile Manufacturers Association. Its activities include the awarding of two fellowships a year to attract men of high calibre to this field; the training of graduate and other students through conferences and courses; the maintaining of a clearing house for modern methods for the relief of accidents and congestion; the conduct of actual research work in the field, including the gathering and analysis of traffic facts; coöperative work with public officials; the maintenance of a comprehensive library of traffic data; the publication of articles and special reports on modern methods and new developments in the field of traffic control; active participation on national committees through such organizations as the Society of Automotive Engineers, National Safety Council, International Association of Chiefs of Police, and American Standards Association; and the making of comprehensive traffic surveys for states and cities.

The two Bureau fellowships for the school year 1935-36 have been awarded, one through the Graduate School of City Planning and the other through the Graduate School of Engineering, in order to carry out the plan of complete coördination with Harvard University. It is hoped that these men will receive intensive training in the University for the first year, be placed in an operating position in the traffic division of some state or city for the second year, and return for final training during the third year.

The Bureau is now preparing a book of approximately four hundred pages on traffic control. This is to be published by McGraw-Hill, the publishers (in 1925) of "Street Traffic Control," by Miller McClintock, director of the Bureau, and still the standard textbook on this subject. "Traffic Control" will be the successor to this publication and will fill a genuine need as there is no adequate textbook for students of traffic problems at the present time. Its scope will be very broad, including administration, education, engineering, and enforcement. Both urban and rural problems are to be covered. In addition to setting forth the principles which govern the safe and expeditious flow of traffic, the book will include actual survey, analytical, and operating methods which have an immediate application in all states and cities. It is anticipated that the book will be ready for release in the late fall.

Numerous research studies are now under way in such problems as methods for accurately forecasting traffic volume and character, the social and economic effects of compulsory automobile liability insurance, and the economic relationship between trade activities and traffic movement in American cities.

The Bureau is primarily interested in the practical application of the scientific methods which can be developed. Most of its men have held or are now holding public offices in the field of traffic. The surveys which it has conducted in such cities as Los Angeles, San Francisco, Chicago, Kansas City, Boston. Providence, Washington, and the state of Massachusetts have frequently led to the establishment of new positions to be filled by men especially trained to deal with the specific subject of traffic control.

Maxwell Halsey, Assistant Director

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Municipal Reference Bureau of Cincinnati.—During the present year the Bureau has prepared, at the request of city departments, a report of the legislation in some typical cities on "Prohibition of Sale and Discharge of Fireworks," and another on "License Rates" in various cities. A twenty-two page bibliography of books and pamphlets in the files of the Bureau on the subject of "Sewage Treatment and Disposal" was prepared for the use of interested city officials.

In reply to out-of-the-city requests, mainly, another bibliography was prepared on "Cincinnati's Government." This consists of a list of books, pamphlets, reports, and magazine articles which have appeared on the subject.

A study has been going on for some time covering the growth of activities in the city of Cincinnati, similar to the one published some time ago by the Detroit Bureau of Governmental Research. This study has now reached the point where a plan must be worked out for condensing it in such a manner that it will be available for general use.

The Bureau has made arrangements to prepare brief articles at frequent intervals on various phases of city government for *The City Bulletin,* official publication of the city of Cincinnati. The *Bulletin* is widely read by city employees, besides being sent to cities in most of the forty-eight states and to a number of foreign countries.

Plans are being developed, in coöperation with the Public Service Training School of the University of Cincinnati, for a group of ten courses for city and county employees. The idea is to give some of the courses in city hall and others in the court house, and have the instruction in each course divided between a member of the university faculty and a public official who is dealing with the day-to-day problems in the particular field. After considerable investigation of other plans it was decided to include fifteen lectures in each of the courses, with one session a week in each course, and to hold classes from 4:45 to 6:00 p. m.

RECENT BOOKS REVIEWED

EDITED BY GENEVA SEYBOLD

The Constitution in School and College. By H. Arnold Bennett. New York, G. P. Putnam's Sons, 1935. 315 pp. $3.50.

In the nation-wide contests, in the thousands of essays written annually by high school students and orations given by college students, are reiterated phrases, sentences, paragraphs glorifying the constitution as it was framed, holding it as an inspired and precious heritage to be guarded from the impious change of a semi-colon. Not only are such principles as the federal system, republican government, and judicial supremacy upheld but also such debatable principles as separation of powers and checks and balances.

As a scholar and teacher, Dr. Bennett challenges the teaching that results in this attitude. The constitution should be taught, he maintains, as an institution in process of growth or development. The reasons for its provisions should be analyzed, the men who wrote it and the circumstances under which they wrote it studied as part of this analysis.

Forty-three states have attempted to elevate the constitution to an important place in the educational curricula by passing laws making its teaching compulsory; in only a few states has this proved successful. Dr. Bennett believes that the important thing is to reach the classroom teacher and students in normal training schools, to develop in them a new attitude toward the constitution. Having found the present method of teaching the constitution inadequate, Dr. Bennett outlines a new technique of teaching both the constitutional convention of 1787 and the constitution.

*

What the Depression Has Done to Cities. Edited by Clarence E. Ridley and Orin F. Nolting. Chicago, International City Managers' Association, 1935. 55 pp. $1.00.

Those who have read from month to month in *Public Management* during the last year articles describing the effects of pinched budgets upon local governmental services, each prepared by an authority in the functional field of which he wrote, will appreciate the compilation of these articles into a compact volume. It serves not only as a valuable record of the effects of a trying period but provides a map of present conditions which may be used as the starting point for remedial and progressive measures.

*

Federal Power Commission, Electric Rate Survey, Preliminary Report, Domestic and Residential Rates in Effect January 1, 1935, Cities of 50,000 Population and Over. Apply Federal Power Commission, Washington, D. C.

When Congress, in 1934, authorized and directed the Federal Power Commission "to investigate and compile the rate charged for electric energy and its service to residential, rural, commercial, and industrial consumers throughout the United States by private and municipal corporations and to report such rates, together with an analysis thereof . . . ," it not only provided the means of extricating some much needed facts on the utility business from confusing obscurity, but laid an important part of the groundwork both for securing a better deal for the consumer and for developing more fully the potentialities of the electrical industry. For the first time it will be known comprehensively and without any attempt at misrepresentation what people in various parts of the country pay for this standard commodity.

The Preliminary Report, prepared under the direction of Dr. William E. Mosher, director of the survey, while it covers only a limited portion of the complete undertaking, sets forth a huge volume of rather amazing facts which neither municipal and private utilities nor consumers of electricity can afford to overlook. It deals exclusively with residential rates in the 191 cities of over 50,000 population, a subject which might be expected to reflect a fair degree of simplicity and uniformity but runs to the contrary extreme.

Because of a multiplicity of rate structures which defies comparison, the data are presented in the form of monthly charges for representative consumption ranging from minimum use to the requirement of an "electrified" home. The findings, presented graphically by the liberal use of charts, are thus entirely intelligible even to the layman whose only contact with the subject is the amount of his lighting bill. The most extraordinary feature of the facts presented is "the wide divergencies in the rates charged for electric service in communities similarly situated and possessing the same general characteristics." When, for example, Cleveland, Ohio, consumers pay $1.31 for 40 kwh. and residents of Newark, N. J., are charged $3.20 for the same amount, or the customers of the Tacoma municipal plant get 500 kwh. for $6.40 while in Yonkers, N. Y., the bill is $28.35, there is clearly much scope for questioning high rate areas, both by consumers and public service commissioners and by utilities which through unprogressive rate schedules are failing to attain full realization of business opportunities.

FREDERICK L. BIRD

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Negro Politicians. By Harold F. Gosnell. Chicago, University of Chicago Press, 1935. 404 pp. $3.50.

With the "Black Belt" of Chicago as the spot-lighted area but the whole of the United States as the complete canvas, Mr. Gosnell has portrayed the slow rise of "the man farthest down" to a place where through political methods he has learned to advance himself as an individual and in so doing enhance the prestige of his entire race. Politics is defined as including voting, campaigning, bargaining for jobs and special favors, and office-holding.

Among the most interesting material are sketches of outstanding negro political leaders such as Edward H. Wright, the first colored ward Committeeman, and Oscar de Priest, born a fighter, who survived a crash of political fortunes when indicted while an alderman to become later the first colored congressman.

Studies of negroes in the Chicago police and fire departments, in the schools and in postal service show how they have fitted themselves into positions of public service. Mr. Gosnell, who is an associate professor at the University of Chicago, obtained the larger part of his material through direct interviews and questionnaires. His book provides a formerly missing link in the story of political development of this country.

*

Rehousing Urban America. By Henry Wright. New York City, Columbia University Press, 1935. 173 pp. $7.50.

Now is the time for architects with vision to come to the aid of those who must soon provide new housing for America. A third of urban residents and most of those who live in the country, Mr. Wright points out, live in dwellings from fifty to seventy-five years old. These must soon be replaced and in doing so we should take advantage of plans for dwellings fitting themselves "into a well defined pattern of community life" and offering "a much wider range of services and social activities than the traditional home of the past."

The rebuilt urban community, as visualized by Mr. Wright, will be compact rather than the sprawling suburban expansion of recent decades. Efficiency will be a requisite and buildings must be designed that will be economical to erect and to maintain.

Since by far the largest body of city dwellers now live in small multi-family dwellings, rather than the single family type, it is fair to place emphasis on their problems. Mr. Wright describes the various alternatives with special attention given to group housing and the apartment dwelling. His suggestions are practical—floor plans are given, methods of construction described and costs estimated. From his years of experience in this country and his study of housing abroad, he has provided in this "manual of good housing practice" a happy combination of theory and technique.

*

Analysis of Securities of Port of New York Authority. Prepared by Fiduciary Counsel, Inc. New York City. 68 pp.

This report presents the history, financial organization, and contemplated changes in the financial organization of the special authority created to simplify the movement of freight in the New York metropolitan area. The operations of the Holland Tunnel, George Washington Bridge, and each of the other projects of the Authority are analyzed in detail, chiefly for the benefit of bondholders.

*

The Liberal Tradition. By Lewis W. Douglas. New York, Van Nostrand, 1935. 135 pp. $1.50.

This very intelligent criticism of the New Deal offers no remedy except to leave things alone. Mr. Douglas, former director of the Bureau of the Budget, does say that we should lower the tariff, pointing out how it has interfered with our foreign trade and led to price fixing and interference in the business of government. He illustrates a long train of evils brought about by the practice of the New Deal by difficulties in the cotton situation.

If Mr. Douglas would study theories advanced by Ricardo and others during past depressions, he might furnish us with a remedy instead of merely criticizing the administration. Ricardo has demonstrated that we cannot do business without first acquiring locations and if government does not collect the surplus of production which arises in strategic locations, then business gradually fails because it lacks access to these places.

Lowering the tariff as Mr. Douglas suggests, even if business expansion resulted, would merely lead to speculation in the better locations. People have to put so much money in renting or purchasing places to do business that little is left for enterprises. Too, owners of these locations, as they raise their rentals, accumulate large amounts of money which they do not know how to invest, which in turn checks business.

It is true that if countries would lower their economic barriers, we would begin to have prosperity but Mr. Douglas' argument is weakened by the reader's doubt of the permanence of this prosperity. And with reason, since land values would increase in proportion to the expansion of business, another speculative boom would start, banks would get loaded up with mortgages and then as the toll charged by speculators would increase and be prohibitive, business would shut down and we would have another collapse.

William N. McNair
Mayor of Pittsburgh

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Marketing Municipal Bonds. Prepared and issued by the Municipal Finance Officers' Association. Chicago, 1935. 8 pp. Twenty cents.

Practical suggestions to be followed by a municipality that wants to get the best price possible for its bonds.

*

Better Government Personnel. Report of the Commission of Inquiry on Public Service Personnel. New York, McGraw-Hill Book Company, 1935. 86 pp. Twenty-five cents.

The wide popular response to this report of the Commission of Inquiry on Public Service Personnel, published early this year, which diagnosed the reasons for the type of government personnel we now have in the United States and pointed the way to improvement, has been amazing. For once, public indifference has been aroused—the beginning of the end of the spoils and eleemosynary systems as related to public service may well date from the day that this report was released.

For use of civic organizations, student groups, and the press, both in this country and abroad, a civic edition at low cost has been prepared. It contains the full text of the Report of the Commission but does not contain the statistical and legal appendix found in the regular edition.

*

The Public Defender and Private Defense Attorneys. By Ronald H. Beattie. Berkeley, University of California, Bureau of Public Administration, 1935. 34 pp. Twenty-five cents.

The office of public defender was tried out for the first time in this country in California where it came into existence with the adoption of a Los Angeles County charter in 1913. The success of this experiment led to the enactment of a state law eight years later allowing the office of public defender to be established by county ordinance in the more populous counties and later legislation permitted the establishment of the office in every county in the state.

Elsewhere in the country the public-defender system has spread very slowly, meeting with effective opposition from criminal lawyers, and very little has been done to evaluate the work of public defenders compared with private attorneys. To reach such an evaluation is the purpose of Mr. Beattie's study in which from an examination of the record of every felony case disposed of in the Alameda County Superior Court during 1932-1933, he has analyzed in detail those handled by the public defender and those cases defended by privately employed attorneys.

The public defender handled proportionately more cases of burglary, forgery and narcotics while the private attorneys handled proportionately more cases of homicide, assault, sex and traffic felonies. Approximately 56 per cent of the public defender cases resulted in a plea of guilty on arraignment with an additional 15 per cent finally pleading guilty. Of the public defender cases 92 per cent resulted in conviction as contrasted to 77 per cent of the private attorney cases. Of the cases which were actually contested and did not plead guilty, 73 per cent of the public defender cases were convicted and 57 per cent of the private attorney cases. In nearly every step of the prosecution process and in almost every type of disposition, the time taken to dispose of the cases handled by the public defender was markedly less than the time taken by private attorneys. These are a few of the conclusions which led the author to the general one that in Alameda County, at least, the system has proved successful.

*

Public Finance. By Clyde L. King. New York, The Macmillan Company, 1935. 602 pp. $3.75.

It is probable that within the last five years the average citizen has read in his daily newspaper more regarding public finance than in the whole previous period of his lifetime. With governmental borrowing and spending at a peak and the necessity for moulding a public opinion in favor of it as a policy, public finance has filled both news and editorial columns.

While a certain understanding comes with the following of current events, most readers would profit from a groundwork study of the philosophy behind governmental expenditures, the purposes served by them, and a comprehensive view of the sources of public income. Dr. King's book serves this end. The fact that it was written primarily as a text will not lessen its interest for the general reader but will assure him of an orderly and thorough presentation of subject matter.

Having been secretary of the commonwealth of Pennsylvania and budget officer, and also secretary of revenue of the State, Dr. King has a practical viewpoint that intensifies the usefulness of his book. His illustrative material is especially interesting. As professor of political science of the University of Pennsylvania, he has had long experience in the teaching of public finance.

*

Public Passenger Carriers in New Hampshire. A report to the State Planning and Development Commission of New Hampshire. Concord, 1935. 38 pp. Apply to the Commission.

This is the first of a series of studies which when completed will give a picture of the nature and adequacy of passenger transportation facilities in New Hampshire, an estimate of the probable future transport requirements and the possibilities for improving and coördinating passenger service. Railroads, electric railways, motor buses, and taxicabs have been studied in the first part of the report recently completed. Emphasis has been placed upon methods of coördinating the various types of service and included are recommendations concerning public regulation.

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Approaches to the Measuremen and Reward of Effective Worl of Individual Government Employees

A monograph analyzing the subject of employee rating with particular reference to the New York City Civil Service, based on studies of existing service rating systems, prior service rating attempts in New York City, and the researches, writings, and experiments of some authorities in this field.

By Samuel H. Ordway, Jr., Commissioner, and
John C. Laffan, Clerk in Charge of Ratings
New York City Civil Service Commission

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Introduction

Those interested in the professionalization of the public service have long realized the seriousness of the problem of measuring the quality and quantity of work done by employees, not only in the interests of efficiency as well as fairness, but also because no satisfactory career service may be built unless there are adequate standards of measurement to form the foundation for a satisfactory system of promotion.

The larger the administrative organization involved, the more difficult this problem becomes; but every government, large and small, has the problem in some degree. New York City under the LaGuardia administration has been tackling this job with renewed seriousness and vigor and the editors of the NATIONAL MUNICIPAL REVIEW felt the thinking and experimentation being carried on of definite value and interest to students of personnel problems throughout the country. Hon. Samuel H. Ordway, Jr., member of the Civil Service Commission of New York City, and John C. Laffan, clerk in charge of ratings, the authors, are peculiarly qualified, because of their close contact with this problem in an exaggerated form, to prepare a monograph on the subject.

This monograph does not seek to present a predetermined or definitive system for rating the effectiveness of the employees of the City of New York. It seeks rather to analyze the obstacles which experience and study have shown to exist, as well as the advantages and opportunities presented by certain features of existing systems. From such analysis it seeks to point out the direction in which progress lies, and to present certain proposals which, together with modification and additions, may in time, with experience, be developed into an effective system.

HOWARD P. JONES, *Editor*

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SAMUEL H. ORDWAY, JR., *Commissioner*
JOHN C. LAFFAN, *Clerk in Charge of Ratings*
New York City Civil Service Commission

GOVERNMENT is progressively rendering more and more extended and more personal service to the public. It is progressively using more of the taxpayer's money in order to make its services to the people more useful. Only in the proportion that this effort is effective, is it economical. Effectiveness of government function depends even less upon the directing abilities of its small and ever-changing executive personnel, than it does upon the morale and efficiency of its far larger and more permanent operating force of civil service employees.

Unless some practicable method of ascertaining the effectiveness of individual employees in the service is established, and *used* for promotion, salary changes, and transfers, there will continue, indirectly, further waste of the taxpayer's money, and directly, a more devastating waste of employee morale, with accompanying public inconvenience.

Until a just and certain method of recognizing effective work by individual employees, *which discounts the judgment of favoritism and politics,* is established and used, the incentive to loyal, effective government service will not increase.

Upon the effectiveness of individual work alone ought to depend not only increase and decrease of salary, promotion and demotion, and expulsion, but order of lay-off in time of retraction (now regulated in New York by statute) reinstatement in time of expansion, protection against executive favoritism, transfers, leaves, and normal privileges.

A just system of ascertaining individual effectiveness should be used also to demonstrate to employees wherein they can increase their usefulness, and to test, by checking results, the recruiting and examining methods used in original admission to the service.[1]

Question is sometimes raised as to the wisdom of permitting a civil service commission to undertake the periodical task of valuing effectiveness, at work, of the employees it has already examined as prospective appointees. Once appointed, the employee is answerable only to his appointing officer. But promotions on a basis of merit and fitness, in which "record" must have weight, are by law under the control and direction of the civil service commission. Record, as a part of the candidate's fitness of promotion, must be valued by the commission.

The valuation of record is finally arrived at, at the time of an examination, either on a basis of evidence that has been specially adduced particularly for this occasion, or on a basis of timely and continuing periodical records of service year by year. The advantages of maintaining *periodical records,* recognized in law *as the best evidence* of past events, has long been understood. The supervision of such records is most aptly vested in the civil service commission as a necessary means to insure uniform and objective data requisite for equal rating. Nor does this supervision shift the administrative control of workers from their department heads. The power and duty of departmental discipline remain unchanged. Service records themselves have no proper use as a means of discipline.

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[1] See William Brownrigg, Service Ratings an Unsolved Problem, Vol. II, No. 4, *Civil Service Observer,* April 1934.

Examining and rating of examinations are primary functions of a civil service commission. Rating of service records is a part of that function in promotion examinations. By constant and immediate correction of defects, if and as they occur, the examining technique has won to reasonable confidence; similar defects in rating service records must be corrected also if and as they occur, until record rating also merits confidence. Patience and coöperation of employees and department heads alike are necessary eventually to gain for this important part of civil service technique similar confidence, once the major dangers and discrepancies of the older systems of rating are eliminated.

The recent careful study and report[2] of the Commission of Inquiry on Public Service Personnel points out the importance of the development and maintenance of a career service system in all governmental units. The most important prerequisites of a real career service, it points out, are a sound classification, and a sound system of service ratings for use in granting salary increases and promotions. The arts of recruitment, examination, and appointment in the municipal service of New York are considerably more advanced today than is the classification or the system of service ratings. A reclassification study has been instituted and it is the hope of the present commission that a simplified, progressive classification will soon be adopted, followed by *gradual* adjustment and equalization of salaries which will lead to a true career service. In connection with this proposed improvement of administration, accordingly, the development of an effective system of service rating is of the greatest importance.

Through the years, since the civil service was placed on a "merit" basis, considerable research and experiment have been conducted to develop and test various schemes for rating the effectiveness of individual government employees. The opportunity for further useful research will, of course, continue. No scheme is in use today which does not call forth upon itself one form or another of destructive criticism. As to each such system the uncritical comment is still heard, "it doesn't work".

In the face of so much past research, of the many experiments, adaptations, combinations, and variations of systems tried under stress of political necessity, and the failures and the dreams of personnel administrators everywhere, it is a hazardous undertaking to venture to hew a straight road through the maze of confused and confusing thought current on this subject. Yet it is only from detached analysis of experience which cuts through the undergrowth of old error that progress comes. This study owes its debt to all who have gone before. Without assuming a definitive solution of the problem, it seeks to throw more light upon the way of progress.

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[2] Better Government Personnel, New York, McGraw-Hill Book Co., 1935.

ANALYSIS OF RATING SYSTEMS WHICH HAVE BEEN TRIED

The aim of all rating systems is to establish a practicable and fair method of measuring the value of each employee to the employer, and then fairly to apply that measure alike to all employees of similar class and grade without discrimination, either personal or political, however different the assignment of each employee may be.

Mr. J. B. Probst, Chief Examiner of the St. Paul Civil Service Bureau, in his book on service ratings,[3] has already described various systems of rating in vogue so fully and adequately that further description at this time seems unnecessary. The following discussion, therefore, is directed to comment upon the advantages which we believe should be retained if possible in future practice and the disadvantages which should be avoided, as suggested by past experience. This preliminary discussion, while repeating Probst's work in part, is presented, not as a new contribution in any sense, but rather as an analysis of basic ideas which must be retained or discarded in our further search for progress.

A. Judgment Rating

Despite Mr. Probst's evidence to the contrary, it remains the common impression of practicing executives that the best judge of effectiveness of an employee, and, indeed, the only competent judge, is the immediate superior officer under whom the employee works. The foreman, it is claimed, can say at once which is his best laborer and which is his worst. The executive, it is repeated, can say definitely which is the best stenographer under him and which is the worst. In the same way each superior can rate the value of each employee—either in comparison with others or absolutely as a single human worker rendering service.

This is called judgment rating: a determination of how the employee sizes up to his superior. Such judgment rating has long been used, either as an individual evaluation without (allegedly) regard by the rater to any other employee, or as a comparative measure by which the employee is rated relatively to the other employees, or to an arbitrary standard defined in words, or to a model individual named as a standard.

Evidence of the danger of error inherent in judgment rating is universal and overwhelming.

Relative judgment even by sincere raters often changes from week to week. Such judgment is unconsciously controlled by the most recent incident, and by transient moods and humors. More enduring prejudice, and pressure upon government executives, is constant.

Yet there is some merit also in the contention of practical executives that judgment rating has a value not attainable in any other way.

What constitutes an effective employee is, of course, the basic problem of rating. One factor which judgment alone can determine is whether the employee is able to satisfy his superior. If the superior is dissatisfied, the larger work which the superior and the employee must do together is going to suffer. The superior's dissatisfaction may be a matter of unreasonable whim, perhaps unjust and baseless so far as recognizable standards are concerned. But effective results for the employer do depend to a considerable extent on such satisfaction, which is ascertainable only in the judgment of the superior. It is a factor which must have some weight in gauging the "present" effectiveness of the employee who is now being rated. There are, however, definite limits to the amount of weight which should be given to this factor in determining whether or not the employee is an effective employee. The temperament of the superior may be the principal source of discord. It is not economical to penalize an otherwise effective stenographer who, because she is a blonde, is not agreeable to a superior who prefers brunettes. Nor is it economical to demote or retard an otherwise effective filing clerk because she prefers to spend her nights at home, than to spend them entertaining the gentleman in charge of the filing division. In such cases economical administration would indicate, if in other respects the employee is effective, that transfer to another department or division should be made. But in any case the factor of satisfaction is not negligible.

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[3] Technical Bulletin No. 4, published as one of a series of joint publications by the Bureau of Public Personnel Administration, and The Civil Service Assembly of the United States and Canada, Chicago, 1931.

A vital defect with the individual judgment system, not always recognized however, is that there can be no even measure of value of employees doing similar work in different departments. The judgment of Superior A, in X department, concerning the merit of his clerks will be based on wholly different personal reactions and values than the judgment of Superior B, in Y department. Yet the clerks in both departments are climbing one service ladder. However desirable the advancement of acceptable workers within one department, the employee, if a clerk, for instance, desires to be rated equitably with other clerks in the service who entered at the same time. Equality of rating for advancement, to gain the confidence of employees, must be equality *in the service* and not equality in one division under one "boss" alone.

B. The Army System

During the World War a modified system of judgment rating was applied for the rating of officers below the rank of brigadier-general. This rating plan was first proposed in a class discussion conducted by Professor Walter Dill Scott at the Carnegie Institute of Technology in 1917. The rater in the army system was a superior officer who was required to rate his subordinates as to several "virtues" by comparison of each subordinate with five standard models —officers selected by the rater as possessing that particular virtue in five degrees from the lowest to the highest degree. This was called "man-to-man" rating. There were five definite virtues or factors against which each subordinate was rated by comparison with the five standard models for each virtue. These virtues were physical qualities, intelligence, leadership, personal qualities, and general value to the service. The last factor, which counted for more than the others, is, of course, so general as to call for subjective judgment, both in selecting the model and in measuring the subordinate by comparison. The physical qualities of a man are considerably more objective and may be demonstrable as a fact. However, the evaluation was not made on the basis of actual physical measurement, but again on the basis of comparison with the rater's idea of varying human specimens. Of the other three factors each calls more or less for both subjective and objective findings.

The advantage attained by the introduction of factors lies in requiring every rater to consider his subordinates in relation to the same virtues. There is a definite limitation upon personal conclusions of the rater as to which virtues are important enough to be considered and which are not. The one decided advantage of this comparative system, which advantage has since been neglected, is that the raters were required to consider and rate all their subordinates as to each factor before proceeding to consider the next factor. Thus the ever-present tendency to raise or to lower the rater's standards during the rating or comparative process was corrected. No successor system maintained this process; the further use of standards has tended to present a great number of factors which may or may not be considered as to each individual employee without regard to each other. The relative values of the factors were fixed in the system. In spite of this advance, the system retains the requirement of subjective comparative judgment and is open to most of the objections of favoritism and unfairness outlined above; moreover the system was adopted for a single occupation and is not universal. The fact that under military discipline, applied to a comparatively small number of men of single purpose, the plan was considered fairly satisfactory is not conclusive evidence of value. Those who were satisfied were largely the raters, and military discipline prevents outward evidence of inward discontent, which can and does assert itself in civil service to undermine any system which the mass of employees—the rated—distrust.

C. *The Graphic Scale*

Professor Scott's attempt to apply the army system to industry met with marked disappointment. Industry objected to the selection of several models as to each factor by each rater. Thus the Scott Company of Philadelphia devised and perfected the graphic scale. The product of Mr. Beadsley Ruml, this scale was heralded as a device for industry to measure accurately service rendered. In 1922 the United States Efficiency Board applied the scale for evaluating service of federal employees. The system has not apparently proved satisfactory to the government, as its abolition has been proposed. (See discussion of new federal plan under H. below.)

This graphic scale calls for a rater's conclusion as to the *degree* of efficiency of each employee rated, as to each one of a number of factors named on a rating sheet. A separate sheet is used for each employee. The factors applicable to his job are usually listed one below the other on the left-hand margin, and opposite each factor the rater indicates his opinion of the degree in which the employee possesses the factor by entering a check mark (at the proper point) on a horizontal line, one end of which represents the maximum degree in which any one may possess that factor, the other the minimum degree in which any one may possess that factor. The intermediate degrees are indicated by words and adjectival phrases pertaining specifically to the factor itself, each having five or ten small vertical lines (as on a rule, subdividing these intermediate steps). Thus the rater can mark as fine a discrimination of merit as he chooses.

Here again is a uniformity of facts presented to be considered by the raters who are rating employees doing similar jobs. Moreover, a different set of factors may be established for each different class of work. This is, of course, a further advance because one set of factors is not necessarily equally applicable in different jobs. Under the graphic plan, also, there is a further check upon the usual form of judgment rating; the values to be given to each factor in the final rating are not known to the reporter. The valuations are known only to a board of review and the final computation is made by the personnel agency, from those valuations, on the basis of the report card checked by the superior.

This procedure has the advantage of removing from the superior the privilege of valuing the employee, thus reducing the opportunity to make direct use of favoritism. However, the graphic plan fails to solve this problem because the reporter still objectively expresses his opinion on the high or low degree of effectiveness of the employee, and it is that opinion, as the reporter well knows, which is largely to determine the final rating of the employee, irrespective of the values of separate factors. It is apparent that all reports which require the use of judgment as to the degree of efficiency will continue to be unsatisfactory because, in the words of Mr. Brownrigg (*supra*), they "call for unsupported and indefensible personal opinions," and further, "they express immeasurable and insupportable opinions of the rating officer which, due to the indomitable personal equation, are vitally influenced by individual likes and prejudices."

D. Wisconsin, 1922 System

Recognizing the danger inherent in rating plans based on the subjective opinion or judgment of the superior even though limited by factors, Wisconsin, so frequently a pioneer in the field of government, in 1922 caused a personnel officer from the civil service commission to confer with each reporter to ascertain so far as possible evidence of the basis used by reporters as a means to evaluate the service rendered.

The effort to obtain evidence and uniformity by a liaison system is a forerunner of improvement in rating technique, but such conferences were not a sufficient solution of the problem. The procedure constitutes, in any community where the number of employees is large, a heavy added burden on the limited staff of the personnel agency. While the procedure does establish a useful contact between the commission and other departments, the contact thus established too often results in resentment rather than good will. Many extraneous matters, such as work conditions and variable requirements, were given fair weight, but a different weight than the immediate superior had attached to them. The resentment of superiors to interference with departmental opinion is costly both in time and good will.

The valuable lesson to be drawn from the Wisconsin procedure, however, is the recognition of the necessity of evidence, as well as uniformity, as a basis for fair rating. Objective factual substantiation, behind opinion, in determining effectiveness is now one of the indispensable necessities of any system which is to prove dependable. Despite our recognition of the importance of weighing the judgment of superiors in arriving at a fair rating, the experience of all users of judgment systems leads us here again to emphasize the necessity for objective checks upon its use.

Harold Rugg,[4] in an analysis of rating human character based on his studies as chief statistician of the army rating division during the war and on further studies and experiment, concludes that approximately accurate judgment ratings can only be obtained: If the final rating given the employee is the average of three independent ratings—each made on an objective scale; if these objective rating scales are comparable and equivalent—made in conference under expert supervision; and if the three independent raters are so thoroughly acquainted with the employees rated that they are competent to rate. These conditions are seldom realized, he admits. Even if they were available for use in the public service, the system thus evolved would, we believe, inevitably fail by reason of the triplication of effort needed and the time consumed.

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[4] Is the Rating of Character Possible? *Journal of Educational Psychology*, Vol. XII, Nov. 1921, p. 425.

E. The Probst System

Recognizing the necessity for objectivity and for discounting the expression of personal opinion and judgment by reporters, Mr. J. B. Probst devised and copyrighted a system that lists on a card seventy-five factors which he considers mainly objective, in that they pertain to actions and characteristics definite enough to be commonly understood in the minds of raters generally. Raters are not asked directly to designate the degree in which the employee possesses any of the factors in the graduated manner called for by the graphic scale. Mr. Probst submits that there are sufficient factors listed on his card to disclose relative effectiveness accurately and objectively. There are separate additional items which deal with facts of punctuality and attendance. The reporter is asked to check those items only which the reporter knows, of his own knowledge, accurately apply to the employee being rated.

As a further protection three separate reporters, each familiar with the employee and each without knowledge of the checks made by the others, independently check each card. The personnel agency alone knows the value of the items checked, both positive and negative, and computes the final rating from the total checks of the three reporters.

In this ingenious system, Mr. Probst has sought to meet and to solve fundamental difficulties in the rating problem:

1. The judgment element is reduced to checking the *presence* of traits, some of which, however, are themselves comparative in degree.
2. The valuation or weight of the various traits possessed by the employee is not known to the reporter.
3. Factors considered are uniform, yet all which do not apply to the job or to the individual may be disregarded.
4. The large number of comparative factors calling for information as to the presence or absence of varying traits themselves afford information as to degree of effectiveness.
5. Reliability is increased by having three reporting officers.

Both in the aim toward objectivity and in the careful research and experiment in the selection of his seventy-five items or factors, Mr. Probst has unquestionably made a most valuable constructive contribution to the knowledge and practice of rating. His system has been extensively tried in widely separated jurisdictions with widely diversified problems. In some jurisdictions it is still in use. In others it has been abandoned. Although the factors are sufficiently numerous to cover work in all fields of government employment and only those traits which are applicable need be checked, it is obvious that the utility of the system must depend largely on how successfully he has selected and stated the factors and how far these factors avoid the ever present instinct for "halo". Halo is the tendency for an extraordinarily high proficiency in some one trait "to shed such a lustre over other qualities"[5] as to bias the reporter's judgment to an unwarranted degree.

Both in Wisconsin and California, as well as under the direction of Mr. Fred Telford, former director of the Bureau of Public Service Personnel Administration, and others, many modifications, changes, and variations of the Probst factors have been tried and values altered. Whatever the most scientific final form of such rating cards may be, however, several definite objections to the system for use in a city as large as New York seem to exist which appear insurmountable to its permanent acceptance as a solution of its problem of service rating.

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[5] Prof. Thorndike, *Journal of Applied Psychology*, Vol. IV, 1920, pp. 25-29.

At the base of all these objections is the extremely detailed scale of values attributed to factors, irrespective of the nature of the particular job. From fixed values of factors, by mathematical formula and stencil, a final rating in precise percentage of effectiveness for each rating period is determined.

Neither the reporter nor the employee knows the values of factors; they know only that the values are fixed, which in turn mean that a factor has the same value irrespective of the nature or condition of the work performed, although that factor—for instance "always on time"—may be of great value as respects a train dispatcher and of less value in an inspector of steel girders. This difficulty exists in spite of the fact that only those items which apply to the employee need be checked. In short, employees seem to feel that the system is so arbitrary and mysterious in its weight and computations that it may and often does result mechanically in unfairness. Without confidence on the part of employees. it is difficult to maintain any system so intimately linked with their advancement and removal, and therefore with their morale, both as individuals and as a body.

Moreover, there is another major defect in any system which results in a final rating of the daily work of employees so arbitrarily differentiated in percentage as to rank two good physicians, say one at 92.8 per cent and one at 92.7 per cent, for their work for one rating period. The factors for effectiveness are always so personal and intangible, despite the best psychological and human ingenuity applied to discount judgment, that relative effectiveness to gain any credence at all should be determined rather by groups of those who rate high, average, or low, than by decimal individual differentiation. This basic fact will be discussed at greater length hereafter; but the decisive objection to the Probst system and its modifications remains, that employees cannot be *fairly* comparatively ranked for a given short period by such narrow percentage differentiations as result from it.

It is true that civil service eligible lists for entrance and promotion do rank candidates according to infinitesimal percentage differentiations, and that human rankers of examination papers may err also in judgment. But there is a vast difference in percentage differentiations based on the recorded and preserved answers of candidates to given questions which can be reviewed on the recorded evidence; and percentage differentiations based on the impression of different superiors concerning characteristics and reactions of employees over a period of time, which impression, unrecorded at the time, is, after long deposit in the well of imagination, drawn forth as a subsequent conclusion that a trait exists.

The Probst system extends the weakest part of the examining procedure to the field of service rating without the saving protection of a "record".

The unreliability of checked traits to arrive at a fair percentage valuation is further discussed by Mr. John Slawson in a survey conducted at the Bureau of Reference, Research and Statistics in the New York City Department of Education in 1920 to test the value of rating employees on the basis of traits.

The teachers of six schools were rated by supervisors and associates in eleven different traits. The objective was to ascertain whether the factors describing the traits were uniformly applied by the raters in the different schools, and what differences in understanding of terms existed between schools. This was a test of the understanding of various reporters of the meaning of the traits in application to individuals to be rated. The lack of agreement which was shown to exist by this survey, in the opinion of Mr. Slawson, demonstrated not only the disagreement of individuals as to whether one employee did or did not possess the trait, but far greater disagreement as to the meaning of the "uniform" traits applied. For instance, the trait "punctuality" was applied with a maximum uniformity in two of the schools, but with least uniformity in four other schools. "Professional interest and growth" occupied tenth place in uniform application in one school and second place in another. "Understanding of children" occupied first place in uniformity of application in one school and tenth place in another. Only four of the eleven traits behaved sufficiently consistently to appear in either the upper or lower half of the series in all of the schools.

Mr. Slawson summarizes his analysis in the following words:

"If this group disagreement is inherent in rating, then universal procedure becomes an impossibility—the trait that lends itself best to the objective valuation in one school of a large school system or in one department of a large industrial organization will not do so in another school or in another department. The choice of traits would then become a special group or a special unit problem."[6]

There is yet another objection to the Probst system which also seems to us insurmountable in a large service such as exists in the City of New York. It is impracticable as a matter of routine administration to persuade or force three superior officers, in the tremendous press of current work, to address themselves sufficiently carefully and with regularity to checking so great a number of individual factors as to each one of the many employees under them. Theoretically, we agree with Mr. Probst that the manual and mental labor of his system, so far as checking is concerned, is reduced to a minimum. To rate a comparatively small number of employees it should be practicable. Experience in New York City, with two hundred thousand employees and the mass of administrative detail required of executives to serve and satisfy a population of seven million people, has shown, however, that reporting will not in fact be given proper or equal consideration by superiors unless the manual labor is reduced until it requires the expenditure of far less time than the Probst system now requires. It is conceivable that it may prove impossible to devise a fair system which requires less attention from checkers: we believe that it is possible. But whether it is or not, we are convinced that the New York City government as now constituted would not be successful in applying Mr. Probst's method.

We do not suggest that any or all of the objections we have listed are valid in other jurisdictions having a less complex personnel than our own. Indeed, we believe that for a single application in any one department of New York City, as a special test in which the executives are interested, the system could be applied with worthwhile results—particularly to show the fallibility of the executives' own judgment.

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[6] The Reliability of Judgment of Personal Traits. New York City, Department of Education Essay, 1920. (Available in New York City Municipal Reference Library.)

But year in and year out, the continued attention and coöperation of three checkers as to each employee, properly to apply the system throughout the service, is more than we can consistently expect.

Nor are we satisfied that the checking of objective factors—and some of Mr. Probst's factors still require a very considerable amount of subjective judgment—can disclose to the raters the true reason, if any, for the reporter's conclusion disclosed in the factor checked. Some of the factors do deal with "yes" or "no" facts, which do not require substantiation. But the vast majority call for conclusions as to quantity and quality of personality rather than work, with no method provided properly to substantiate the conclusion.

F. New York City School Teachers' System

A system of rating school teachers in the City of New York is in operation today which theoretically combines several of the better features of the systems heretofore mentioned. Certain factors are required to be marked as satisfactory or unsatisfactory by the principal. The teachers are then grouped according to effectiveness as disclosed from these markings—*if substantiated by evidentiary statements.* The reports, accordingly, are required to set forth in detail the reasons for the satisfactory or unsatisfactory rating of each factor. This appears to be an attempt to remedy the difficulty last mentioned in our discussion of the Probst system. The requirement of such detailed substantiating statements, of course, takes time on the part of both checkers and raters, but the system was expected to work in the schools for the reason that the factors used are few, and the reporting principal as an educator is peculiarly interested in analyzing the progress, virtues, and defects of his teachers. It follows that very nearly the same amount of time is required to complete a report on one teacher with a few factors as is required to check the seventy-five items of the Probst report, but the interest of the reporter in the school system should be held throughout the process. The stating of detailed reasons was expected to be preferred by the principals to routine compliance with the mysterious bureaucratic process found in systems with many factors and percentage valuation, where final validity is usually doubted by the reporters and employees themselves.

The New York School rating system, however, is not only open to the objection of requiring as much effort on the part of the reporter as the Probst system, but the trait factors themselves, being fewer in number, call for more far-reaching conclusions and are accordingly, as factors, even less objective than the Probst factors. (The question of factoring will be discussed at length.) Moreover, the detailed explanations are not as a rule objective themselves. There was at first surprisingly little rubber-stamping by principals, that is, the same routine explanation repeated period after period for a number of teachers. At the same time the explanations were often pure opinion such as: "X is one of my best teachers in this respect". Subjective explanations obviously defeat the intention to provide a factual basis for the factored conclusion. Subjective conclusions have led to repeated allegations of favoritism and unfairness.

Much dissatisfaction is today voiced against this thirteen-year-old teachers rating system. According to a recent editorial in the *Principal,* organ of the elementary principals, it has not proved effective during that time. There is no reason to believe that it will work any better in the future. The special committee of the Board of Superintendents proposes to submit a new rating system before the end of this school term.

The direct effort to require disclosure of an objective basis for each factor checked in the report, however, constituted a distinct advance in the theory of rating.

G. The New York Public Library Experiment

A combination of the Probst and judgment plans has very recently been introduced to rate the personnel of the circulation department of the New York Public Library. This system was devised for that library by Mr. Fred Telford, former director of the Bureau of Public Personnel Administration.

The card provides some four hundred squares to confront the checker.[7] Since there is only a limited number of employees to be rated, the objection against imposing upon three checkers this extended and complicated effort as to each employee *may* not be insurmountable in the library. It would appear, however, that in this combination of plans the library authorities have retained many of the most dangerous features of the other systems.

In the first place an effort is made to depart at once from the objectivity of the Probst factors by requiring the checkers to check *degrees* in which each factor is present, and to base the degrees on comparative judgment, that is, on a relative comparison of the employee with other employees. Instructions to supervisors for filling out reports contain the following under the head of standards to be used in checking: "The report for any assistant is not to be based on some personal or absolute standard, but on comparisons with others doing the same kind of work, and in the same grade." The plan calls for conclusion after judgment comparison, provides for additional comment and opinion, and is, of course, burdensome because of its length. This is an example of the danger of adopting a novel system without regard to previous history or to the experience of past error.

H. The New Federal System

After extended study of the problem of rating federal employees, the United States Civil Service Commission in May 1935 adopted new forms and instructions for the preparation of efficiency ratings. The new system was designed to eliminate time-consuming computations involved in the previous system, to make known to rating officers the values and significance of their ratings, to do away with minute numerical distinctions in rating, to determine specific strengths and weaknesses of the employee for his self-improvement. The plan seeks to rate the employee with regard to the requirements of the particular position. Each of these designs seeks to overcome a definite obstacle heretofore existing in rating procedures.

The forms call for comparative judgments by the rating officer as to quality of performance, productiveness, and qualifications shown on the job. These comparative judgments are to be stated in terms representing excellent, very good, good, fair, and unsatisfactory with a fixed two-point value for each of the five terms. For example, excellent is valued at 1-2, unsatisfactory at 9-10. This valuation is the reverse of customary practice and seeks to overcome the obstacle of thoughtless use of numerical values. Experiments have proved that numerical or alphabetical values placed in inexperienced hands are used approximately in the old school tradition with no regard to particular or exact requirements.[8]

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[7] This system obtains a group product individual to each group. By a detailed process the number of positive and negative checks of the three superiors for the four hundred odd squares are totaled. This is used as a numerator over a denominator which varies for each group of employees. Consequently, products of one group are not comparable with products of other groups because different standards (denominators) are used for each group. Although type of work is thus differentiated the values are mysterious to employees and equality is not assured.

In order to limit the dangers of pure comparative judgment rating, the forms require under each of the three factors stated the consideration of separate elements. The rater is required to underline the elements essential to the job and then to designate whether the employee is weak, strong, or average in each element as a check upon the consideration used in arriving at his ratings. This is a positive step also, although it hardly seems to be an adequate limitation upon the possibility of error or favoritism upon the part of the rater. The elements do not control the rating except by inference. The elements merely serve as a means of defining and directing the attention of the rater to fixed factors important in the final opinion.

An attempt to check "halo" is made in the instructions by an extreme caution that one strong or weak characteristic of the employee should not control the rating of other elements. No amount of exhortation has successfully accomplished such aim heretofore.

The judgment of the rating officer is finally submitted to reviewing officers in the department where the rating occurs; reviewers have power to correct the ratings to make them uniform for the department.

There is a further question on the forms, referring to the deportment of the employee, asking for a comparative opinion as to the satisfactoriness of the employee in deportment and attitude toward his work. If the answer to this question is that the deportment or attitude is not satisfactory, the form calls for a full statement of particulars on the reverse.

This new federal plan was announced after the recommendations contained in this monograph had been arrived at, but, of course, before publication. The method of requiring a full statement of details concerning a general opinion (on deportment) is similar to our functional recommendation herein that conclusions *shall be substantiated by detailed evidence set forth on the reverse* of the report. The federal plan, however, does not go as far as the proposal which we make in that it does not provide that the rating shall depend upon whether or not the factual details substantiate the rater's recommendation. It does not provide fixed values for definite conclusions. It does not provide for rating, after weighing evidence, by *one impartial board for all departments.*

The new federal plan has not, of course, been in operation long enough to justify any statement concerning its effectiveness. It has undoubtedly overcome a number of important objections to past rating systems. It does not appear to have met other equally important prerequisites of an effective system.

To summarize: It does not eliminate rating by individual superiors who have different standards in different departments, although it does seek through the reviewing officers to make the ratings in any one department uniform with each other.

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[8] E. D. Bartlett, A Practical Rating Scale, *Industrial Psychology*, Vol. II, 1927, p. 564.

It does not eliminate comparative judgment as a determinant of rating. It does not call for substantiating evidence except upon the question of deportment.

PRELIMINARY DISCUSSION OF FACTORS

At this point, before passing on to the history of rating in the New York City service, it seems appropriate to introduce a preliminary discussion of factors.

What is sought in the final computation is a fair estimate of the effectiveness of each individual employee, primarily in the work he or she is *now* doing, but also *potentially*, to future employers, in some more advanced or more responsible employment.

Effectiveness depends upon various elements: first on the quantity and quality of work which the employee actually performs on duty, that is, results attained; and second, on the capacity of the employee, that is, the innate character and ability from which results inevitably flow—personal characteristics, traits, temperament and latent power of the employee.

In our opinion the distinction between these primary and secondary elements has never been given sufficient consideration in the factoring process; and the future progress of service rating as a practical art will depend on the full use to which concrete recognition of this distinction may be put in application.

Quantity of work should be a measurable fact. It may seem to involve a rater's judgment whether an individual's output is large or small, but that is true only in the absence of known standards of output for that kind of employee. *Comparative standards* are scientifically illusory;[9] a superior may, indeed, know whether bricklayer A can lay more bricks than bricklayer B in a day, or that stenographer A can copy more similar pages than stenographer B in six hours. But whether the output of A in either case is an efficient output or not (as to quantity alone) depends on a knowledge of what an efficient human standard of quantity in that case is.

The progress of statistical analysis is such that *definite standards* of quantity may be ascertained for the work of each kind of worker in each department. The Greater New York charter today gives power to the comptroller to require full work reports on the output of each employee day by day. That power could be usefully applied to this problem among other municipal uses, and should be utilized as it has not been utilized. In the meantime, until definite standards of quantity have been ascertained, the necessity of obtaining factual evidence in support of every judgment as to quantity of work is of vital importance.

A mere set of factors concerning personal capacity and efficiency is not sufficient upon which to base the important service ratings which are to affect the future advancement and present morale of employees.

Quality of work is equally important to ascertain the true effectiveness of employees. A record number of pages copied in six hours may not evidence an effective stenographer if the work is careless, slovenly, or full of errors. Nor is a record number of bricks laid in an hour effective if the wall falls down. But quality of work is even less measurable by absolute standards today than quantity. Judgment is still a prerequisite of estimating quality, and with the possibility of favoritism, blindness, politics, and error playing a part, *no narrow distinctions of percentage based on quality factors can be fairly used* as a basis of promotion or lay-off or demotion or salary change.

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[9] In 1913 E. O. Griffenhagen stated before the Sixth National Assembly of Civil Service Commissions: "Efficiency is a ratio, best expressed with the measure of actual service as the numerator, and value fixed for standard service as the denominator." (Minutes available in New York City Municipal Reference Library.)

The same thing is true of those less definable and demonstrable characteristics of personality and temperament. These even more than quality must be weighed cautiously as factors from which positive or negative results may perhaps eventuate.

Results accomplished while not the only criteria are sound or primary criteria. Factors which necessarily employ judgment should be esteemed secondarily as estimates to be used as checks and as guides; they are distinctly relevant with reference to employees who have not attained any distinguished results—employees who are standard or close to standard—as a basis for gauging potentialities and for self-improvement. But the addition or subtraction of substantial increments leading to promotion or demotion should depend more largely on results attained than upon characteristics or personality which, in the light of experience, superiors judge but frailly at best. Thus we would emphasize the distinction between primary and secondary factoring, accomplishment before capacity, which, we believe, points a way by which the next steps in progress may be made.

We fully realize, as does Mr. Lewis Mayers,[10] that prospective capacity for promotion cannot be left out of consideration in any rating system designed to serve as the basis of promotion. Such omission would assume that an employee who successfully carries on the routine duties of his present position possesses the necessary capacity required for the higher grade. That assumption of course is not always true, and while promotion examinations are designed to test the qualification of candidates for the higher positions, service ratings should and can throw valuable light on important elements of capacity not easily ascertainable by examination. Accomplishment and capacity are both elements in proper rating. We do not minimize the importance of capacity; we distinguish the weight of the evidence, as it has not been sufficiently distinguished in the past. The proper use of this distinction will be discussed again under our more detailed analysis of factors hereafter.

HISTORY OF RATING PLANS IN NEW YORK

Section 16 of the New York State civil service law provides, among other things: "Promotion shall be based upon merit and competition, and upon the superior qualifications of the person promoted as shown by his previous service, due weight being given to seniority."

As early as 1884, by regulations, the New York City Commission required appointing officers "to make and forward their joint or several certificates as to the efficiency, character, and conduct of every person in such inferior grade who desires to become an applicant for such promotion." This required a certificate on the eve of promotion giving the superior's opinion as to the comparative virtues of the applicants. It soon became apparent that something more than last minute "pats and slaps" from superiors was necessary.

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[10] The Federal Service, Institute of Government Research, New York City, Appleton, 1922, page 327.

It was not until 1899, however, that maintenance of permanent office records for all competitive class employees was ordered. The records required were to cover "efficiency, punctuality, attendance, and general good conduct."

In 1901 an eligible list for promotion to police captain was cancelled because the police commissioner had failed to furnish certificates as to the efficiency, character, and conduct of the candidates. An application for a peremptory order of mandamus to compel certification of the cancelled list was denied in the supreme court, and the regulations governing the maintenance and certification of service records were definitely upheld by the court. But the manner of keeping such records and their fairness in application remained variable and uncertain.

Annual reports of the commission through the years have pointed out the difficulties which have existed in administering various rating systems tried out from time to time. The statement of these difficulties will bear repeating, for they indicate obstacles to be overcome in any system that will be effective. We summarize, accordingly, certain excerpts from these annual reports which, while not novel, seem to be worth the emphasis of repetition:

1. Success depends upon the coöperation of every department in the city (1902).

2. Sanctions to compel departments to maintain and certify adequate records are essential. The commission lacks power at present to enforce observance of its rules in this respect (1902). (Since this comment in the report of 1902, it has become clear that the problem of enforcement depends on simplicity in the system, on arousing and holding the interests of the reporters, awakening confidence upon the part of the employee as well as the rating officers, and only as a last resort upon the existence of sanctions in law. On several occasions subsequent to 1902 the commission has refused to hold promotion examinations because of failure by a department to keep records. Improvement resulted from this procedure for the reason that employees, disappointed in their expectations of promotion examinations, brought sufficient pressure on the department heads to comply with the regulations. This form of sanction, however, visits upon the employees the faults of the employers, and is not favored as a sound procedure. We shall refer to the matter of sanctions again hereafter.)

3. Success depends upon the use of uniform rating standards by each department and by each rater therein (1903).

4. Rating reports must be current if they are to be effective. Delay hampers and retards justice (1905).

5. Unrestricted judgment or conclusions of superior officers lead to "unfairness in markings" (1907).

6. Rating records must be uniformly kept and preserved (1909).

7. The commission must have the right to disregard or revise any or all reports of departments where unfairness, delay, or improper keeping of records is apparent (1910). (That year the appellate division of the supreme court upheld the commission in disregarding purely comparative records for promotion where they had not been kept currently.[11])

8. Efficiency records, once recorded currently, should not be altered subsequently to meet the urgency of subsequent immediate requirements for promotion (1911). (This seems almost a needless comment, but the repeated efforts of departments to make such

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[11] Steele vs. McGuire, 124 N. Y. Sup. 552.

readjustments in their own records, emphasizes the necessity.)

9. To fulfill its proper function a rating system should be capable of being used as a basis for salary changes, lay-offs and reinstatements, [before the inverse order of lay-off and reinstatement was enacted[12]] promotion and self-betterment (1914).

10. It is impracticable to apply one standard to all classes of work (1915).

11. Representatives of the commission assigned to assist and advise departments in preparing service records are a practical necessity (1917). (We believe a civil service personnel officer within each department would serve this purpose much more effectively—as we shall hereafter explain.)

12. An impartial body, including a representative of the department and representative of the commission, to which an aggrieved employee may appeal, is advisable (1917).

13. The advisability of permitting employees to rate themselves, along with departmental rating, as a check and safeguard deserves consideration (1918). (As a result of scientific tests, self-rating is now considered of doubtful value.)[13]

14. Simplicity of rating is essential in order that the employees may have a clear understanding of the method employed and of their rights upon protest or appeal (1920).

15. Final rating should rest with the commission, based on reports only of departmental superiors[14] (1920).

16. The appeal board should consist of others than those who filed the original report and those who prepared the final rating (1920). (This comment was based on difficulties arising out of a cumbersome appeal system. Its validity may be arguable. Yet there is no doubt that appeals should be direct, swift, and addressed to questions of fact. The rating system used in 1920 resulted in appeals on many questions of judgment which should, of course, not need to recur under an improved system.)

The sixteen foregoing comments from current reports of the commission are selected from a mass of comment through the years[15] as emphasizing, from actual experience, difficulties suffered and suggestions to meet these difficulties. *One reason why no effective system has yet been evolved may be due in part to the piecemeal attack upon difficulties which presented themselves with each varying system.* It is to avoid repetition of such error that this more inclusive review of past experience is made a preface to our proposals for progress.

We turn now to successive methods of rating tried out by the New York City Commission through the years.

The first systematic approach to the problem of rating in New York City was made in 1903. A uniform plan of rating then adopted required the keeping, in each department, of current record books supplied by the commission. Two pages in the book were allotted to each employee. Each employee was marked for the preceding month A, B, C, D, or E opposite each of the following five factors:

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[12] Section 31 of the New York State civil service law providing for lay-off and reinstatement in the inverse order of appointment. Until an effective rating system has proven its validity in operation over a period of years, it would seem that this section of the law must continue to be regarded as the best and only surety against unjust treatment of employees in times of retrenchment, and may not safely be repealed.

[13] H. L. Hollingworth in his book on Vocational Psychology and Character Analysis (New York, Appleton, 1931), Chapter on Self-Analysis, refers to "definite evidence that self-estimates are misleading, and that this traditional method of judging character lacks the accuracy that its prestige suggests."

[14] Implicit in Report for 1920.

[15] Annual Reports of the New York City Civil Service Commission are available in the Municipal Reference Library, Municipal Building, New York City.

1. Quality or degree of excellency of work,
2. Quantity of work,
3. Aptitude and capacity for initiative,
4. Punctuality and attendance,
5. Character and habits.

A represented "of the highest order",
B represented "of a high order but not the highest",
C represented "above the average, but not very good",
D represented "of the average",
E represented "below the average".

Since D is average it is apparent that the average employee was expected to be something less than "not very good".

It seems today that the average employee should be good. If he is not good, he should be replaced by eligibles who can make good. Experience shows that there are today plenty of qualified applicants. In New York City the work of the average run of municipal employees is, in our opinion, of sufficiently high quality to compare favorably with most large private businesses. There are, of course, exceptions among the two hundred thousand employees of New York City, some exceptionally good and some wasters, loafers, and drones. But the average is high and should be so maintained. However, whether the average be D or C or B is largely immaterial, because the average is simply the standard upon which these comparative ratings were based; if the meaning of D, average, was accepted by raters, however arbitrary and unreasonable it may have seemed, the rating *could* have been uniform as to the average standard. A much more serious defect, of course, is the fact that the judgment of the bookkeepers alone determined the definite conclusion as to how near average each employee was as to each factor. And certainly factors 1, 3, and 5 themselves called for judgment.

To make clear this distinction as to degree of judgment required of raters by various factors, consider, first, factor 4, punctuality and attendance. An employee who, for one month, was not once late or absent, mathematically should rate perfect on this factor. In such event there would be no exercise of judgment required to ascertain that he met this factor perfectly. In other words, "never once late," is an objective fact. If the employee were late three days, that fact is also objective. But whether he should then be marked B, C, D, or E requires judgment, opinion, and conclusion all based more or less on comparison with other employees and their "average", and to a great extent perhaps upon the nature of the particular job. This then becomes a combination of an objective factor with a largely subjective rating. There is a large opportunity for misjudgment, conscious or unconscious. The fact of lateness three or four or five times is objective and safe enough as a recorded fact by the superior; but the value of that objective record when marked comparatively by the superior is at once—because there is no fixed standard for various superiors—open to distrust.

Now consider the fifth factor, character and habits. Let us separate the two, for it is always unsatisfactory to combine terms however nearly synonymous: raters do give even less uniform emphasis and interpretation to combined terms than to one term. Consider simply the factor character. It is a variable term, as variable as the rater's own character, and as variable as his outlook upon the changing *mores* of the day. Character means one thing to some of us, and a different thing to others. Under the comfortable category of "doing a favor" may be included acts which to one employer appear reasonable, while to another they will appear corrupt. Who is there to determine what constitutes a weakness of character in a service where the word politics is still conjurable? If there is a difference on such an issue, how much more so on border-line cases of temper tried under pressure of work, or words spoken which may constitute abuse of discretion or forthright honesty, and consequent weakness or consequent strength of character. The answer is that character is not in itself an objective fact. Raters cannot always say with mathematical certainty and uniformity "he has it or he hasn't it," or "he has mathematically so much of it," in advance of applying an A, B, C, D, or E rating to it. The use of the factor raises both an original question of judgment, and upon the rating A, B, C, D, E, a further judgment question of degree. The rating of it therefore requires the use of judgment upon judgment, both involving opinion, comparison, and conclusion, and is doubly open to distrust.

The whole question of factoring boils down to seeking the most objective possible factors (to be recorded but not rated by the reporter) which in turn will give a fair basis for final rating. A wholly objective or mathematical system itself will not work, as we shall indicate, because of the necessary exclusion therefrom of non-mathematical elements, such as "ability to get on with others", which are vital in gauging the capacity of the employee.

As we have indicated above and shall emphasize hereafter, the necessary non-mathematical factors must be considered apart from the primary objective acts and accomplishments which have measurable weight in the granting or withholding of increments. The non-mathematical factors while necessary to be recorded should be of secondary import to be used not for the granting of the larger increments but for final correlation in rating the progress of the employee, as a guide to correct faults, and as a subjective base from which we may expect results to flow.

It is sufficient here to point out that the bookkeeping system first attempted in New York City failed because of the obvious inequality and unfairness of the resulting ratings.

In 1909 a new system was adopted in the office of the president of the borough of Manhattan. This system required the rating officer to divide all employees into three groups:

A. Those whose work had been satisfactory,

B. Those distinctly above average,

C. Those who had performed unsatisfactory work.

No factors of any kind were used and the division was made wholly upon the judgment of the superiors. However, the rating of these employees who had been so grouped was vested with a board within the department which could affix an A, B, C, D, or E rating to each employee applying for promotion. C was used as average. This very elementary system led to unfairness because there were no checks against favoritism or carelessness. Many protests occurred and it was abolished before long. It is noteworthy particularly for its recognition of the fact that grouping is fairer than mathematical percentage differentiations between individual employees. The system pointed out "that out of twenty-five employees, possibly four or five would be better than satisfactory."

In 1909 a different system was also adopted for other competitive employees in the service except police and fire uniformed forces. This system required quarterly rating on the basis of four factors: quality of work performed, judgment, conduct, and attendance. A fifth factor was also used as to certain more responsible positions: executive ability and capacity for initiative. As to these factors the reporting officer was required to supply a definite account of facts of service for each employee deemed to be either superior or inferior to others. In the case of satisfactory service "no elaborate statement of facts of service is required". The promotion board then rated the submitted facts in the following terms:

A. Far above average,
B. Above average,
C. Average,
D. Below average,
E. Far below average.

The forms with the approved rating of the promotion board were then transmitted to the commission for consideration, revision, and approval. This system, in short, required a statement from the reporter as to the facts of service if it were other than satisfactory in regard to each of the four factors named. The four factors which are very vague and general can only be considered as signposts directing the attention of the reporter to certain considerations. If it were possible to direct the attention of the reporter to the expression of objective facts, acts of service and results while limiting him in his "definite account" thereof to objective instead of subjective remarks, there would be real merit in the theory of this system. It is obvious that the factors named do not so direct the attention of the reporters; if anything they are invitations to opinion and conclusion of the most subjective kind. The system also presents the danger of rubber-stamp statements about the service of employees on the one hand and lengthy essays, full of praise or blame, on the other.

In this and similar systems which have been used by the New York Commission, final rating of all the factors, duly averaged, fixed the increase or decrease of his service percentage. Each employee begins service with an entering service percentage of 75. An increment, or additional point added to his percentage for record and seniority, is given each year to each employee in the average group. A larger increment is given for an above-average grouping and a smaller increment or a deduction is given for a below-average grouping, etc. We shall discuss more in detail later the application of rating values to promotion and salary changes. We limit ourselves here to a review of systems used to arrive at ratings.

One stated reason why this 1909 system appears to have failed, aside from the indefiniteness of the factors and the absence limitation upon the "accounts of facts", is the failure of department heads to file their periodical reports. To secure such filing, interest and confidence in a system must both exist. The system must be simple in operation. And even then sanctions may be necessary.

In 1915 a more complicated system was tried after extensive surveys had been made by the Bureau of Standards of the Board of Estimate and Apportionment with the Bureau of Municipal Research.

This new system introduced three separate forms of report cards, one for supervisory positions, one for positions involving partly supervisory duties, and one for positions involving duties wholly performed under supervision. On each card there was an attempt to state factors indicating work results, improvement in work, punctuality and attendance. The factors included quantity and quality of work, personality as it affects fellow-workers and the public, and finally the negative side of misconduct. However, the factors under each of these headings asked again, not for factual statements, but for the opinion of the reporters as to each factor.

Quality was defined to include knowledge, initiative, tact and judgment, ability, thoroughness, and interest in work. Personality included willingness, coöperation, courtesy, and civility. As to quantity, workers were asked to submit weekly reports of their work. An employee could receive a rating other than standard only when he was conspicuously and constantly better (or poorer) than other employees performing the same work in one or more of the elements mentioned.

The scale of values set forth provided an average or standard value (in percentage) for each factor and a maximum or minimum mark which the reporter could give on each factor to the employee judged to be above or below the standard for that factor. By adding up the marks for all factors and averaging, the reporter determined how much above or below standard, for all, the employee was; an increment was established for each grouping above or below standard, and the grouping determined the employee's increment.

Negative factor values were based on a detailed scale of demerits for infraction of rules, misconduct, lateness, and absence. Six demerits equalled 1 per cent deduction.

The survey leading up to this system urged the maintenance of basic work reports and accounting and administrative records, to be used whenever possible to substantiate the ratings awarded. Raters were cautioned that in the absence of basic records "memoranda currently prepared" should guide the rater in preparing an accurate and true rating. The prepared rating was then reviewed by subcommittees and the personnel board within the department and revised by the committee and board before transmission to the Civil Service Commission. This system was abandoned after a half year's trial because of the complexity of differentiating supervisory, non-supervisory, and partially supervisory positions and because of complicated work of computing by reporters and by so many review committees. Moreover, judgment was not done away with, basic reports and records were not kept, and the final valuations contained no surety of equality and fairness.

In 1917, after some experiments in revising the report forms previously used had failed, a new system was installed. This system provided for one form of report for all positions and contained only three simple affirmative factors: quantity, quality, and personality.

There were also three negative factors: misconduct, punctuality, and attendance. But other complicating features were retained.

As to the positive factors the same system of values was continued from the old system with the standard set at eighty. There were also greater maximum and minimum percentages assignable to each employee to give greater flexibility. The new system retained the rather complicated reviewing committees previously established and the only substantial changes at first were in the reduction in the number of factors, the added percentage range, and the elimination of the three-card system. It was hoped that the simplification would make the system workable but it did not.

Only about twenty-five thousand rating forms were properly filled out at first, and then fewer and fewer, properly attested, were filed with the commission.

Objection was made by departments that the standard was still too inflexible; although judgment was not greatly limited by the system, department heads felt that the rating increments finally given did not represent fairly the value of the employees to the department. The department heads could not understand the danger of giving the "boss" free rein to rate his subordinates on the basis of judgment.

One cause of dissatisfaction was that reporters sought to justify the final ratings by statements supporting their uses of the factors, which statements often seemed to the reviewing committees not to substantiate the claim. When a department found that a certain statement in explanation was accepted by the reviewers, that statement would thereafter be used and repeated for a large number of employees again and again, that is, rubber-stamping appeared. A meagre description of the duties of the employees, or a profuse essay of praise or blame, was frequently offered as a basis for requested awards higher than standard, and when the reviewing raters disregarded such statements some departments ceased filing further reports.

In 1918 the employees were requested to offer proof if they decided that they were entitled to higher than standard ratings; but this suggestion was not utilized, probably because the employees feared to incur the displeasure of their superiors.

Another objection was found in the fixed scale of demerits which was also said to be inflexible. At one period the fixed scale was abolished and thereafter the commission authorized elimination of attendance and punctuality as a mandatory factor and departments were vested with full discretionary control over the inclusion of negative factors.

By 1926 it became clear that the system was so ineffective that it must be abolished. That year, after study by Commissioner William Drennan, the system now in use was conceived and adopted.

In this system the departmental heads are asked to group their employees into four groups: inefficient, efficient, more efficient, and most efficient. No explanation of the reason for a "more efficient" which is a "standard" grouping is required. It is assumed under the system that if an employee is continued in his position over a continuing period of time, he must, by reason of his experience, become more efficient each period. However, if the departmental superior believes that the employee is other than standard for the period in question and groups the employee in a group other than more efficient, an explanation of his reason is required.

Under this system a permanent rating board in the Civil Service Commission was established to examine all of the explanations made and determine what, if any, increment shall be added and what, if any, increment shall be deducted for each employee for the period of the report. This is not so large a task as it sounds for the reason that the great majority of the employees are in the "more efficient" or standard grouping for which a small increment each period is regularly given, to the end that seniority of service without fault is duly recognized.

There are four cards available for the reports. Upon the "more efficient" or standard card a large number of names may be entered without explanation. A separate card is used for each employee in each of the other groups, upon which card the explanation is set forth.

1. This system simplifies the work of the reporting officers.
2. This system separates the reporting from the rating.
3. This system enables one rating board to consider with a single point of view all of the claims made by reporting superiors, and thus leads to some equality of rating.
4. This system enables the raters to discount explanations that have no probative force as evidence because not objective.
5. This system enables the rating board to compare explanations for each period with past explanations; if stereotyped or rubber-stamped statements are made period after period they can be discounted or investigated, the facts of the case ascertained, and the reporter instructed in the importance of objective explanations.
6. This system provides flexibility of interpretation so that important virtues for one class of work will be given appropriate recognition for that class of work and appropriate though different recognition for a different class of work, that is, the character of the position is considered in arriving at the rating.
7. This system provides a method by which continuing acts of misconduct, period after period, any one of which might be insufficient to penalize the employee for one period may be considered cumulatively against the employee's credit.
8. This system enables the departmental reporters to express to their own satisfaction their own feelings, without injury or favor to employees if the expressions have no evidentiary force.

The absence of factors and the limited number of cards, and the absence of mathematical formulae have added greatly to the simplicity of this system and simplicity is one of the vital elements in a successful system for a large city. However, there are certain substantial defects in the system.

The absence of any fixed values for acts or traits for use in rating employees upon these reports places the entire burden of attaining equality upon the rating board of the commission. Although that rating board consists of impartial experienced raters who are theoretically unknown to department heads or the employees, the absence of mathematical values leads to distrust. No one knows in advance what acts or traits are worth.

Experience has shown that the distrust is evident, not only on the part of the employees who have the right to appeal, but also on the part of the departmental reporters who frequently protest that their recommendations are disregarded. The fact that substantiating expressions are often subjective and of no evidentiary value does not alleviate the annoyance of the reporter who finds his explanations disregarded.

There are surprisingly few appeals made by the employees; the employees seem to be divided into three groups: those who don't know their rights or the meaning of rating to their future, those who feel that appeals will be useless, and those who feel that rating is a gamble anyway and that it is better not to incur their superior's displeasure but to take whatever rating fate gives them.

The greatest practical defect in the

system, however, is the fact that some departments have ceased to file any reports whatever. It is vain to blame departments for lack of coöperation. A system to be effective must win support by its simplicity and its own validity. "You cannot divorce any system from the people who use it."[16]

In the absence of reports a presumption has come to exist that all employees not reported other than "more efficient", shall be given the minimum more efficient increment.

No reports have been filed for any employees under the jurisdiction of the presidents of the borough of Manhattan since 1922, or for the employees in the office of the comptroller since 1917. The filing of incomplete reports, or "more efficient" reports only, has been common in many of the departments. This is due, of course, to the fact that the subjective explanations of reports have been disregarded. If the department head cannot control the rating of his employees he is disinclined to file reports.[17] A fuller understanding of the problem of rating is the only cure for this state of mind, coupled with a system which prevents subjective expressions that will have to be disregarded.

Another defect in the system is that there is no means of verifying the fairness of grouping in the more efficient group—all those individuals not reported upon at all or simply listed on "more efficient" cards without explanation. Both in reason and on the basis of statistics compiled by Mr. Probst and others, it is apparent that the great majority of employees should properly fall into the standard group. However, among so large a number of employees some are probably very near the edge of the higher or the lower grouping, and whether or not injustice occurs in such individual cases in the absence of any evidence, is open to serious question. Opportunity is present for a reporter, intentionally or otherwise, to neglect some of his employees.

Although the rating given any employee is available to the employee, it is a fact that either through indifference or lack of information most employees do not inform themselves of their rating until the eve of a promotion examination. It would appear that the interest of employees in the system would be increased if they were affirmatively notified of their rating periodically, and of the bearing such rating will have in subsequent promotion tests.

Under this system, as we have stated, the final rating depends on the consensus of opinion of the rating board of civil service examiners based upon the explanations of the reporters.

We have analyzed thousands of explanations which have been furnished through the years with the varying increments or values placed upon these explanations by this rating board. Such analysis itself discloses not only the large amount of subjective essay material included with such reports, but it discloses also those acts and characteristics and the sort of objective evidence thereof which *have* been given recognition. A thorough review of this system has afforded a practical demonstration of what factors are considered valuable in practice by the commission's own rating board and how large an increment has been awarded for each factor. Such review presents a practical statistical basis for the further consideration of factoring and rating.

The word "increment" as used with reference to the New York City service should be defined. In all promotion examinations a candidate's service record and seniority, as provided by law, is given weight in arriving at his final standing on the promotion list. The worth of an employee's record and seniority is computed annually on a percentage basis for this purpose. Every employee starts out service in his grade on appointment with an arbitrary mathematical percentage for record and seniority of 75 per cent. Each year in which his service is satisfactory for a maximum period of ten years, or until he receives a new promotion, he receives an added "increment" of 1 or 2 per cent, depending on length of service. But that 1 or 2 per cent may be materially increased or decreased by reason of his favorable or unfavorable periodical service rating: in short, his service rating—the method of determining which we are discussing—may work an increase or decrease in his percentage for promotion at any time. An increment as used means addition or subtraction from the employee's percentage for record and seniority, which plays an important part in all promotion examinations. It should also, if an effective system is developed, play an important part in salary increases within grade.

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[16] Editorial in *The Principal,* March 1935.

[17] Dissatisfaction results from the fact that "persons doing the rating lose sight of the object of a rating system." Lefkowitz in Teachers' Union Survey, No. 4, 1925.

In analyzing thousands of statements appearing on the reports filed with the commission under the present system, it becomes apparent that objective *acts,* or *accomplishments,* by employees have invariably been rewarded if they appeared to be outstandingly useful, or penalized if they appeared detrimental to the service. At the same time it becomes apparent that subjective characteristics, such as a "cheerful disposition" have been regarded by the rating board as attributes expected of the standard employee and usually no increase or decrease of the standard yearly increment for service has resulted therefrom. Some characteristics, of course, have affected increments, but it is clear that acts and results hold primary importance, traits and capacity secondary. This is due to the fact that capacity, besides being immeasurable per se, is a potentiality rather than an effect.

"Certain capacities are measured by such tests as strength, dexterity, skill, technical knowledge. The truest test of capacity, of course, is performance on the job.

"There are certain human qualities, however, certain capacities, which probably will never be measurable. They cannot be evaluated in pounds, or inches, or quarts. They are abstract yet they exercise a profound influence upon the worker's effectiveness in his work. Here might be mentioned such qualities as initiative, personality, tact, coöperativeness, leadership, and organizing ability, and so forth."[18]

It is on the weighting of intangible characteristics that the practice of our rating board through the years throws much needed light. Before presenting our analysis of that practice, some further generalities require mention.

Estimation of the ratings given by one board to thousands of reports discloses to what extent the present system suffers from the defect which always accompanies the virtue of great flexibility, that is, to what extent the rating board has failed to regard the same attribute or accomplishment for the same class of work as of the same value. In some years and for some periods the rating board appears definitely to have been more generous than at other times; there is not as much lack of uniformity as might be expected, but there is some.

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[18] Scott & Clothier, Personnel Management, New York City, A. W. Shaw & Company, 1923, p. 197.

Changing value inevitably leads to distrust; it does not necessarily lead to unfairness if in any one rating period the board shows reasonable consistency in rating acts and results for that period. However, it is conceivable that unfairness does result from such flexibility, because an employee may achieve some distinguished result, such as devising a new and useful indexing system for a department, in a period when the board is less generous in awarding large increments than it was a year before, when a similar employee in another department achieved a similar result which was more generously rewarded. Lack of fixed weights, at least for acts and results, is a decisive defect.

The study of the statements filed by reporting officers and the treatment of these statements by the rating board leads us to a further analysis and discussion of factors.

FURTHER DISCUSSION OF FACTORS

The approach we have made to the study of factors through analysis of the present system in use in New York City differs from the approach by Mr. Probst and others in the development of the factors used in his copyrighted plan.

Mr. Probst set out to ascertain and select an ideal group of factors. He approached the problem from the point of view of determining what traits make for a good employee. "Every item was carefully selected, studied, analyzed, and then experimented with in various ways. Advice was secured from special counsellors, department officers, technical experts in various types of employment, and others. . . . The hundred or so items used in this service report represent those that successfully withstood the various tests and experiments made with a list of over four hundred traits and qualities relating to human conduct, habits, and characteristics. Ratings are determined principally from outstanding traits or qualities—qualities that are either above or below the average."[19] The result attained by Mr. Probst is a very excellent list of descriptive characteristics which ought to, and undoubtedly do, influence the results which the employee possessing or lacking them is able to attain. Mr. Probst's list produces an estimate of the capacity of the employee.

It is interesting to note that among the large number of statements furnished by reporters under the New York system in support of their contentions that employees should be in the above-standard group, or the below-standard group, there occur very few estimates of the capacity of the employees other than purely judgment expressions such as "he is one of my best clerks". Such subjective statements have been partially discussed by Mr. Probst; he gives small weight to a very limited number of purely subjective reactions which he has included as "factors" for "psychological effect". The New York City rating board also ignores subjective statements. However, the fact remains that statements of objective acts, both good and bad, performed by the employees are frequent and have been most decisive for rating purposes. It is on the score of results that the sizable increments have been added or deducted from the employee's percentage for record and seniority. Mr. Probst, however, includes no items which detail specific acts as distinguished from conclusions of opinion.

What we are seeking to do is to gauge the effectiveness of the employee. Evidence of the effectiveness of an employee for a period now past may be discerned from distinguished work results which he achieved, or from daily evidence of inherent capacity which because of lack of opportunity or for other reasons was not translated into *unusual* results. In either case the employee may deserve credit, although in different degree or amount. It may, indeed, be said with truth that many employees have no opportunity to distinguish themselves unusually during a rating period, although they possess a majority of the affirmative items or traits which evidence capacity as brought out by Mr. Probst's plan. It is, however, upon examining the records, rather surprising how many employees do accomplish some act or service out of the ordinary; yet even where no opportunity to translate inherent capacity into distinguished results occurred during a rating period, the individual with capacity, although not translated into results, under the New York system received the standard increment for more efficient service during the period. He is given a reasonable reward, and year by year his percentage for record and seniority increases as it should for a capable employee. It is right and proper that the capable employee, who accomplishes an out of the ordinary result useful to the service, shall receive the increased reward of the increased increment.

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[19] Service Ratings, by J. B. Probst, *supra*, pages 28 and 29.

On the negative side there is also justice in the method of penalizing detrimental acts. The employee who possesses a majority of the negative characteristics or traits listed by Mr. Probst nearly always is revealed eventually as a below-standard employee by the New York system. Mr. Probst lists such characteristics as "lazy," "slow-moving," "indifferent," "often grumbling or complaining," "uses poor judgment," "easily rattled," "makes many mistakes," etc. The factor last mentioned, "makes many mistakes," is the only one of those mentioned above which characterizes the work in addition to the employee, but such negative characteristics of the employee frequently result in specific detriment to his work and the service, which is brought out under the New York system in work result statements of the reporters. On the other hand, sometimes an employee may seem to have the defective traits listed by Mr. Probst, yet not make any mistakes and succeed in getting his work done with average results; in such an event he may have the capacity for error and yet not err. Until he does err, as he probably will, he should not be penalized any more than the capable employee, who has not exhibited results from his capacity, should be rewarded with an increment above standard.

However, the capacity for error and the capacity for achievement, both brought out by Mr. Probst's system, have a very real value as a corrective or educational feature in personnel administration. Even though they are not in themselves the proper basis for unusual rewards or penalties, they should be made known to the employees for the purposes of self-improvement.

We accordingly submit as a result of the experience developed in the administration of the present New York system that there is important distinction between factors which disclose work results, which we would call primary factors, and factors which disclose capacity or character traits, which we would call secondary factors.

We believe that the almost exclusive use of secondary factors by Mr. Probst has made his system one of rating employees not for effectiveness of work, but primarily for the capacity or lack of capacity to accomplish at some time or other distinguished work results. We submit that the main cause of distrust and resentment under Mr. Probst's system on the part of the employees, in such places as it has been reported to exist, is due to the fact that individuals who have accomplished some particularly distinguished result of use to the service are not rewarded for that achievement per se, but are rated comparatively to other employees who may have equal or greater capacity which they have not turned as yet to outstanding profit of the service.

It might appear from this discussion that since the New York system brings out these important results, without the use of listed factors, factoring is unnecessary. After careful consideration, it is our opinion that the New York system would be immeasurably improved if the attention of the reporters was directed to the kind of objective acts and results which frequently have been made the basis for addition and deduction of increments. The reason for this is simple. Many of the statements filed with the commission in support of the groupings recommended for employees have to be disregarded or investigated at the cost of time and friction because they are pure opinion instead of objective presentations of evidence concerning the effectiveness of the employees. It is probably safe to conclude that a majority of the reporters do not understand what is meant by a request for objective explanations. In many cases reporting officers are not even clear in their own minds as to why they think an employee is above standard or below standard. They simply think that he is, include his name in the desired grouping and subscribe to the report: "I think he ought to be in this group because he is a good (or poor) worker," and, of course, the statement is disregarded—except perhaps to the extent that the reporting officer is interviewed when possible to ascertain whether or not there is any evidence in the work or conduct of the employee for the period mentioned to support the proposed grouping. At such an interview the representative of the rating board explains to the reporting officer what kind of acts are evidence which will support the grouping. In short, the interviewer suggests "factors" to the reporting officer; he states what factors are evidentiary and excludes the subjective elements which the reporter had theretofore utilized.

The evidence from experience is overwhelming that reporting officers need pointers in the form of factors to guide them towards objectivity and to prevent them, at least, from random statements which have no objective evidentiary value.

Our approach to the problem of selecting factors differs from the approach of Mr. Probst in that while he proceeded empirically to select characteristics of the employee, we proceed to select those acts and results of work which have actually been used year after year as the basis for adding and subtracting increments. Of course, the acts of employees and the results flowing therefrom have been described by reporters in every conceivable variety of language. But the number of acts and results which have been the basis of such increases or decreases are rather limited and fall definitely into certain categories. It is not our thought that long lists of acts and results should be stated for the guidance of reporters but that the various categories into which acts and results fall should be stated on the report card as objective conclusions. These would be the primary factors which we have been discussing. They will be few in number, but more definitely objective than any factors included in the Probst form. Specific details, supporting the objective conclusion of the factor checked, should then be asked for. In this way the attention of the reporter will be directed to and his report disclose the *objective* evidence which is to be the basis of rating.

Our analysis of the rating reports under the present New York system discloses that practically all of the acts, or results flowing therefrom, which have been awarded an increased increment of more than two points fall within four general yet objective categories as follows:

On own initiative devised new and useful system or device;

Performed heroic act above and beyond call of duty;

Voluntarily performed unique service of extraordinary value;

Established unique record for quantity and quality of work done.

Negative acts, or results flowing therefrom, which have been penalized by deduction of an increment of more than two points, fall within four general yet objective categories, as follows:

Performed act injurious to public welfare or property;

Neglected duty resulting in detriment to public welfare or property;

Acted dishonestly, intoxicated while on duty, or insubordinate;

Absence without leave resulted in detriment to public welfare or property.

Acts which resulted in an increased increment of two points fall within four general yet objective categories, as follows:

Completed outside study or work which has increased usefulness;

Performed work of higher responsibility effectively in addition to own routine;

Performed much overtime work (own or that of others also) without additional compensation;

Performed own work under unusually difficult conditions with unusual distinction.

Acts which were penalized by deduction of two points increment fall within four general yet objective categories, as follows:

Acted carelessly or with misjudgment resulting in detriment to service;

Accomplished insufficient work results;

Lateness or absence impaired usefulness;

Temperament, disobedience, or violation of rules resulted in detriment to service.

The generality of these categories is clear enough. There are, for instance, various sorts of neglect of duty which fall under the second negative category, resulting in more than two points decrease. The objectivity of the categories is less obvious. The second negative category requires that the neglect result in detriment to the service. Whether detriment followed is, of course, a question of opinion in which the judgment of the checker would have to play a part and if this item or factor were simply to be checked, as on the Probst form, and given a mathematical value, it would be open to the criticism which we have made of the Probst factors so far as judgment and possibility of mathematical unfairness are concerned. But we have pointed out that we believe that *such factors should not be listed as determinants of values to be awarded because of the factor itself;* we submit that the usefulness of these factors is simply to direct the attention of the reporter to an objective act, in this case, neglect of duty; *the reporter would be asked to specify the details of neglect.* When a reporter is asked to specify details of a "neglect of duty detrimental to the service", he is asked to state specific acts and state specifically wherein they are detrimental. If the specification does not evidence such act, the claim that two points increment should be subtracted from the employee's percentage for record and seniority will not be sustained. The purpose of the adjectival clause "detrimental to the service" is to inform the reporter that to justify the two points decrease, the neglect of duty to be here specified is no minor act of carelessness. We submit that this factor, like the others listed which may appear to include some recognition of degree, is objective in the true sense that it will call for specific probative evidence rather than for opinion, whereas factors recognizing degree are accepted as determinants in the Probst plan without evidentiary support.

To summarize again, the factors given above call for evidence and are not presented for use as determinants themselves. They point out to the reporter what categories of acts are recognized as meriting the respective increased or decreased increments. The reporter knows that the statement, "He is a fine worker," will not be the kind of proof desired. The categories will save the reporter from expressing personal opinion to support claims for large increases, and will direct his attention to concrete acts. They permit the reporter to use some original judgment, which he desires, in representing whether the employee is entitled to large or small increments, but they require him to specify objective acts classified in advance to support his claim, and they make clear to him the fact that if the claim is not evidenced by the specification the claimed increment will not be awarded.[20]

We do not stand upon the particular wording of the factors we have set forth above. We do stand upon their substance. We believe that the extended record of uniform rating of unfactored reports through recent years under the system now used in New York City presented a desired opportunity for arriving at a just estimation of what factors, in substance, do reflect the effectiveness of employees. The reason why the present system fails to work is because so many reports fail to present any evidence at all and are rejected. Reporters having a free hand have lacked direction. The factors which have counted through the years should afford much needed direction. By way of illustration, the reporter at present has freedom to choose an objective as if he were setting out in an automobile with a large variety of roads before him but without signposts (factors) to guide him. He takes blind turns and loses his way and wastes his time (and that of the rating board) by turning down lanes of impression and personal opinion which do not point to the objective he has chosen; the factors act as guide posts showing the roads (acts) which lead to any given destination. We find that there have been few, if any, statements of objective acts, which, under the present system, have been awarded large or small increases or decreases of increment which do not fall aptly into one or another of the general categories listed above. The suggested factors would save time and annoyance and friction and should prevent that exasperation which is one fundamental reason why the departments have, in some cases, become reluctant to file reports.

When we pass to consideration of the characteristics and traits of employees which indicate their apparent capacity as employees to do effective work—

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[20] Here we are in accord with the premise of Mr. Lewis Mayers that the selection of certain specific acts for blame or praise itself presents an act of judgment and that judgment based upon "facts" as evidenced by "supporting records", unquestionably furnishes a more reliable basis for rating than mere opinions covering the conduct or performance of the employee. Federal Service, *supra,* p. 328.

those factors which are largely relied upon by the Probst system and its modifications—we are confronted, of course, with the difficult problem of what to include and what to exclude.

Under the present New York system for that great majority of employees who are listed as standard, or as the present system calls them "more efficient", no explanation or statement has been required to support the grouping. We have seen that this absence of supporting evidence leads to the suspicion that many employees who should be otherwise grouped are included in the standard grouping and given one point normal increment.

The improved system should include some way of verifying the justice of such grouping. At the same time because the very great majority of employees will fall into this standard grouping, simplicity and economy of time require that the detail of verification shall be reduced to a minimum. Where possible, a considerable number of employees in the same position and grade should be listed on one card. Sufficient factors indicating work habits or characteristics should be included for checking, to act both as evidence to justify the rating and as evidence of virtues and defects by which the employee could seek to improve his usefulness. We have stated that Mr. Probst lists seventy-five traits and that Mr. Telford, in seeking to improve the Probst rating form, increased the number to four hundred. Where the final rating depends to any considerable degree on traits evidencing capacity alone, it is apparent that the larger the number of factors and varying value, the fairer the final rating will be: the only limitation is upon the practical possibility of operating the system. But where the substantial differentiations of rating are taken care of by what we have called the primary factors of acts and work results, the first object to be attained in factoring the traits present in the standard group is brevity. We need be less concerned with the dangers of misunderstanding and misconception. Broader and more general presentation of traits may still be sufficient to indicate whether the employee is more or less capable within the standard grouping than the precise middle average, and whether he is improving or retrogressing in capacity. The most important items are:

1. Manner of work (quantity and quality), including speed, accuracy, orderliness, resourcefulness, thoroughness, system, and expertness;
2. Personal manner, including tact, cooperation, neatness of appearance, industry, conscientiousness with its opposites of carelessness and indifference, temperament and ability to inspire others;
3. Dependability;
4. Experience;
5. Judgment and planning ability;
6. Defects due to age or physical incapacity.

There are, of course, many ways of expressing characteristics which describe the personal manner of the employee and the manner of his work. Nearly all of the affirmative expressions such as "neat in appearance" have their opposites, and such forms as Mr. Probst, and particularly Mr. Telford, use for close percentage ratings very naturally list a large variety of terms so that reporting officers will find the term which they best understand in application to the particular type of worker they are checking.

For the purpose, however, of ascertaining not a definite percentage rating from these factors dealing with capacity, but rather for verifying the fact that the employee is reasonably satisfactory and entitled to his increment, we need consider these capacity factors more as guides than as determinants. Since shortness of form is of the utmost importance in New York City, it would seem that an effort should be made to include only the most important items, and to include them in such a general way that their presence or absence will be apparent without presenting both positive and negative expressions of each trait. At the same time the important traits should be presented in a form definite enough to be of use to those employees who wish to avail themselves of the opinion of their superiors concerning their traits and capacity for purposes of self-improvement.

Since these factors which might appear upon the standard card are not to be used to ascertain comparative rating of precise mathematical value, they can be changed from time to time as experience indicates to be best without changing the fundamental method of such a rating. The continual changes by Telford and others, both in numbering and wording of the factors first presented by Mr. Probst, show that even the latter's rather exhaustive tests to establish their validity could not assure in advance a finally satisfactory form. Where the factoring was mathematically so important as in the Probst system, it was necessary to present and to defend the number and order and expression of factors. Such an effort toward precision does not appear to be necessary in selecting factors which will be suitable for the uses outlined here for a standard card in New York. Experimental changes will finally show the best listing without affecting the rights of any employees and without causing the confusion in precise final ratings which must follow important changes in the Probst factors.

The thought may occur that the system thus proposed does not limit the size of any grouping (average, above average, or below average), although all experimental curves of distribution of personnel set such limits very definitely. Though no limits have been set in the present New York City system, the curve of distribution thereunder does not depart far from the norm. We propose to interfere in the least possible manner with the administration and discipline of a department, and with the judgment of superiors when objectively supported by evidence. No specific number of employees in any of the categories named should be required or prohibited. Some years ago only a certain percentage of the employees of an organization was allowed in the higher or lower standard grouping. Such mathematical limitations may produce individual injustice. However, continual filing by a department of reports that all employees performed average satisfactory service would be evidence which should justify rejection of the reports. In other words the norm of distribution should be considered and used as a check upon the working of a system and not as a mathematical base.

PREREQUISITES TO AN EFFECTIVE SYSTEM FOR NEW YORK CITY

From all of the foregoing discussion it would appear possible to state certain essential prerequisites to an effective system.

1. *Sanctions*

So far as the history of rating systems in New York City is concerned it appears that the principal reason why each system tried has failed is because departments have eventually refused to coöperate, that is, they failed to file reports. The first prerequisite of any system is that reports shall be filed regularly and fully by all departments.

Sanctions, that is force, which will result in the filing of reports are of two kinds and should be provided in any new system. The most important sanction is the will to operate the system which must be affirmative and active on the part of the employees, the public, and the department heads; the second form of sanction, which will be nullified if the system is not otherwise fair and practicable and if the will to operate the system does not exist, is the sanction of law.

The will to operate the system depends on full understanding of the meaning and importance of rating, on the fairness and practicability of the system, and on confidence that the system is definitely beyond the influence of favoritism and politics.

Fairness, practicability, and confidence are all in themselves prerequisites of a successful system and will be discussed in detail in further paragraphs of this section. Understanding is a matter of simplicity and publicity which also require separate discussion. Without these elements no system will meet with sufficient public approval to engender a will to enforce it strong enough to overcome the inherent opposition of politicians and executives who feel that an effective rating system will undermine "vested rights" of political power, as well as prejudice caused by failure of past systems and misapprehension.[21]

We believe, however, that if a system were devised and adopted which was simple in operation, which gave sufficient opportunity for fair and proper recognition of the needs of departments, and fair and equal recognition to the employees themselves, the popular approval of such a system, properly publicized, would be sufficient to undo political prejudice. In short, the strongest sanction known is the sanction of the will of the people affected by any procedure. If there is real confidence in the system and belief in its practical efficacy and its necessity, the sanction of legal compulsion would not frequently have to be invoked.

Only after all the conditions leading to a true "will to operate" exist, will the sanction of law have any real efficacy to enforce observance of rating regulations on particular recalcitrants. The form of such a legal sanction might be an added provision in the Greater New York charter making it the duty of every department head to file periodically such reports as are required by the rules and regulations of the civil service commission as to all employees under the jurisdiction of such department, and providing a remedy by peremptory mandamus on petition of the commission for failure to obey this provision. However useful such sanction might be, we submit that until an effective system for rating employees is developed and adopted, legal sanction without the confidence of both department heads and employees will, like other laws which do not meet with the public approval, eventually be nullified. We believe that such a provision of law should accordingly be adopted as an added safeguard and sanction when, and only when, a system has been devised and adopted which has the approval of honest department heads and employees alike, and which has proved otherwise practicable in application.

We shall, accordingly, proceed at this point to consider the further features which seem to be essential to a practicably applicable system in New York.

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[21] "A prejudice against efficiency records obtains in some quarters, because it is conceived to be a system which will grind employees by speeding up their work at the cost of their happiness. Efficiency, however, means the happiness of all concerned." Report California Civil Service Commission, 1914. (Available in New York City Municipal Reference Library.)

2. *Simplicity*

We have expressed the opinion, based upon experience here and elsewhere, that no system of rating will be practicably applicable which is not so simple in operation that the departmental reporters, who are asked to supply the basic facts upon which rating is made, can supply those facts without much loss of time from their more routine duties.

From the point of view of departments and reporting officers, simplicity requires the fewest practicable number of report cards, the fewest practicable number of factors, clear and brief instructions designed to reduce subjective statement to a minimum, and the removal of the "rating" duty from the reporter. The word "practicable" has been emphasized for the reason that the report produced must still be adequate, objective, and thorough, and the logic of the system must be apparent on its face to instill that kind of confidence in the reporters which alone will make it possible to secure regular and adequate reports.

From the point of view of the employees, simplicity requires that the report cards be understandable on their face, that they contain sufficient information of the purpose and manner of their function, that the factors used themselves be understandable and such as do not rouse the antagonism, derision, or contempt of the individuals marked.

Simplicity also imports, so far as the employee is concerned, understandable and reasonably constant values for the factors used to grant substantial increases and decreases of increments, so that there will be reasonable assurance of equality of rating year after year for similar work results and characteristics.

Ratings should not be so arbitrarily differentiated that infinitesimal percentage differences between employees result each period.

The final element of simplicity from the employee's point of view is that there shall be an easy and effective method to allow the employee to present grievances or appeals which is not too conspicuous, which will arouse the least possible antagonism on the part of superiors, and which will not take too much time and involve too great inconvenience.

3. *Confidence*

Confidence of reporters and employees both, in the reasonableness and effectiveness of a system, is a prerequisite of enforceability of any system. Without confidence on the part of both rating officers and employees sanctions in law seeking to enforce observance of a system are inevitably nullified. All of the elements mentioned in the paragraph on simplicity are elements of confidence.

Certain further assurances are necessary, however, to instill confidence in a system. There must be full recognition of the needs and viewpoint of the departments which are the immediate employers of the employees. The opinion, judgment, and experiences of superiors must have opportunity for expression. Yet the recommendations of reporting officers ought to be so directed and limited by the system that they will not have to be disregarded. Disregard of reporters' recommendations, which becomes necessary where the reports are based on subjective opinion unsupported by evidence, instills distrust and contempt and ruins confidence. It is an easily understood human reaction, when rating boards do not follow reports, to conclude that the reports are a useless waste of time.

From the point of view of the employee, confidence imports not only equality and justice in arriving at the final ratings, but also recognition of the fact that for different classes of work different characteristics have different values.

This in turn suggests the danger of placing too much dependence for valuation on human characteristics and too little dependence on accomplishment of value or detriment to the public welfare and to the service. Again the judgment of superiors must be supported by factual evidence to justify confidence.

The avoidance of narrow percentage differentiations each period is even more important as a basis for confidence than it is for gaining simplicity.

4. *Objectivity*

From our discussions of the dangers and fallibility of judgment rating, objectivity may be summarized as the first prerequisite of equality and justice. Objectivity is a matter of evidence—the kind of evidence which, in the long practice of the art of legal proof, has come to be surrounded in courts of law by rules which exclude hearsay and conclusion, guesses and suppositions and impressions. Objectivity means that facts are the only basis of values. The larger increments must be awarded on a basis of factual acts and results rather than on the basis of inherent potentialities which can never be established by factual evidence but only on the basis of conclusions from opinion. It is true that circumstantial evidence is used as the basis of conclusions in courts of law, but circumstantial evidence has never instilled confidence in the minds of the public. The records are full of cases in which convictions upon circumstantial evidence have proved erroneous. It is true that good judgment is an important characteristic and that repeated acts of wisdom under difficult conditions tend to show that an individual customarily uses good judgment. Again, however, it is the acts which result effectively under the conditions which deserve the rating, rather than the characteristic which we conclude exists from the acts. An individual who, we say, uses good judgment will probably perform effective acts more often than the individual who lacks judgment. The subjective conclusion should not be excluded from rating consideration, but the rating should be based on the evidentiary acts and not on the conclusion. Impression or whim or the will of a superior officer are all bases which should be excluded from rating. At the same time, characteristics and capacities which make for results, though subjective, should not be ignored as indicators of the improvement or retrogression of the employee, and for self-betterment. Such secondary factors have real value in the cases of employees who are doing their work sufficiently effectively to receive standard increments for their service. They may also indicate which of the standard employees are slightly better or slightly poorer than others, as a check upon the propriety of granting average or standard increment.

It should be remembered that the kind of acts or accomplishments to which we refer are not work assignments alone, that is, the importance of the job, or even the quantity of work it entails, are not the bases for reward. Such bases would be dangerous themselves for the reason that political favorites could be assigned to such important jobs, and the best workers who are unfavored could be left to do the unspectacular. Acts or accomplishments or results, as we have used those expressions, mean, rather, accomplishments out of the ordinary considering the employers' assignment as the norm and considering the conditions under which it is done. We start with the belief that each employee is fully expected to complete his regular assignments whatever they may be efficiently. This is further emphasized under "flexibility" in the next paragraph.

5. *Flexibility and latitude (differentiation of position requirements)*

Another prerequisite of a successful system is that the rating should not be mathematically determined on the basis of factors without power on the part of the raters to consider the conditions of work which exist and actual accomplishment under those conditions with reference to each factor, irrespective of the ease or difficulty of the assignment. This may seem to import a contradiction in that latitude sought to be given to raters militates against a fixed value for accomplishments, which fixed value we have mentioned as a necessary prerequisite of confidence. This is a contradiction which has not before been resolved. We propose to resolve it by fixing the values of factors *when they have been established,* but granting to the commission's raters the latitude to determine the weight of the evidence, under all the conditions, adduced to establish the factored conclusion. Rating, to be fair, must be surrounded by all the safeguards of legal evidence. The power of a jury to consider circumstances, and to analyze statements presented by witnesses to determine the factual basis of the evidence, has long been recognized in law as an essential process for determining the ultimate question. The point here is that the commission's rating board, like a jury, should have power to weigh evidence. If the evidence is proper, impartial, objective, and factual, the conclusion recommended and evidenced should, of course, be accepted and followed. But purely subjective or hearsay or opinion evidence must be discounted as such. So long as the political forces at work in democracy exist, the power to examine evidence on the part of an impartial rating board is necessary.

In this connection it appears to us that a further prerequisite is the establishment of liaison between departments and the civil service commission, which we outline in the next paragraph.

6. *Personnel Officers*

The advantage of flexibility provided by a system which permits a rating board to weigh evidence presented by reporters, is partially offset by the possibility of arousing resentment of the reporters who do not fully understand the nature of the evidence required. The necessary uses of a personnel clerk are not limited to rating problems, although such a clerk in every department would play a very important part in assuring the success of any rating system which depends upon the proper completion and filing of report cards.

The personnel clerk should be a competitive employee wholly familiar with the civil service law and ideals and with its administration. One such clerk with the requisite knowledge should be appointed in each department from competitive eligible lists as an employee of such department. Provision should be made for such clerk in each departmental budget. His duties should consist of assisting the department head to solve the personnel problems of the department; he should represent the department by which he is employed in the presentation of its problems to the civil service commission; he should prepare for signature by the department heads all requisitions for new employees; it should be his duty to describe adequately the duties to be performed by new employees requested. As an employee of the department he could explain the limitations of the civil service law as it affects the department to the department head—from such simple matters as the reason why there must be sound reason before a department may pass over the name of a male stenographer or a female clerk up to the more complicated problems of objectivity of reports—thus, saving much friction. Some department heads consider that the civil service law is administered in a way to hamper the particular department. Many department heads, who are appointive officers, are not well versed in the problems of civil service and cannot understand why the rules and regulations prevent what seem to them to be reasonable and efficient title changes, transfers, and salary adjustments without promotion examinations. They come to the civil service commission all too often with demands that *their* requirements be met rather than with a will to understand the problems of justice and equality to all classes of employees, and the efficiency of the service as a whole. A trained personnel clerk representing each department, and having the interests of his department at heart, could do much to alleviate this situation which makes for discord, and advance the personnel efficiency of the whole service immeasurably.

The particular function of such personnel clerks in connection with service ratings would be to present periodically to reporting officers the necessary report forms to be filled out with sympathetic instructions from the point of view of the department itself; the personnel clerk could, of course, assist in keeping statistical evidence of work for use in preparing the reports. It would be his duty to see that the reports are properly prepared and filed. He could understand appeal procedure and iron out differences between aggrieved employees and reporting officers and the commission and explain the points of view of each to the other; he would also be in contact with the rating board and would understand the rating problem in relation to the reports of his own department, helping in a very short time to make clear to the reporting officers the real meaning of objectivity. In many cases he could be helpful when investigation of the statements on a report card is required, producing verifications, records, and evidence and assist in alleviating differences, if any, between reporters and the rating board.

It is our conclusion that the expense of one additional employee in each department to fulfill these functions would be worth many times the cost to the city each year. The creation of such positions appears to us to be one of the most important single recommendations we have to make.

7. *Rating by the Commission*

Analysis of the various systems of service rating which have been tried indicate the importance of separating the reporting and the rating functions. The most effective rating group—that which affords the greatest confidence—appears to be a permanent board of experienced examiners within the commission itself. It may appear to be advisable to have one representative of the department whose employees are being rated on such board, a function which the personnel clerk, described in the last section, would be most qualified to perform.

It is clear that the rating board must

not be permitted to rate indiscriminately, that is, without any fixed scale of values. Equivalent rating of equivalent acts under equivalent conditions is a prerequisite to confidence and therefore to success. Equivalent rating can only result from the existence of definite values or increments to be assigned to equivalent acts, when evidenced.

The evidence upon which the rating board acts should constantly remain a matter of record so that it can be verified by the employees rated. It is often necessary to obtain more evidence than appears from some of the statements first made on a report. An insufficient statement requires investigation, but the investigation should not result in oral or hearsay impression, and the facts found should be incorporated in writing with the report cards to be filed together as a matter of record. Definite values import rules, in advance of rating, which fix precise values which will be assigned to sufficient evidence of particular acts or work results. The rating board must adhere to these values and be guided by the factors checked, subject only to proper evidence. The end to be attained is flexibility to enable the rating board to ascertain the true facts and conditions and thus avoid favoritism, and yet not ignore the needs of the department and the proper reports which it has filed, or depart from a constant set of values for like accomplishments and capacities. Confidence of the reporting officers in the reliability and constancy of the rating system is as necessary as the confidence of the employees.

8. *Easy appeals*

It is a prerequisite of a successful system that the employees should understand the system and be informed concerning the periodical ratings they receive; they should have the opportunity to present objective evidence of acts and results which they may feel has been or may be neglected in their cases,[22] and if aggrieved by the rating to have full hearing before the rating board and if necessary before the commission. The hearing should, if the commission so directs, be in the presence of a representative of the department. Employees should have knowledge, not only of the evidence set forth in reports which are the basis for granting or withholding extraordinary increments, but should also be informed of all secondary factors or characteristics checked in standard reports for use by the employees as information for self-improvement. Again, the assistance of a personnel clerk would do much to explain apparently arbitrary reports to the employees and greatly reduce the number of appeals.

9. *Relations of Rating to Salary Increases*

Eventually, if and when a successful system is devised and adopted, it should become a prerequisite of salary increases within grade that they depend in part at least upon the rating for record and seniority of employees.

10. *Development of Statistical Standards*

We have mentioned earlier in this monograph the slow progress of statistical research toward absolute standards for quantity and quality of work produced. We have mentioned the power vested in the comptroller by the city charter to require daily work reports showing the daily output of different sorts of employees. We have expressed an opinion that at the present time there is insufficient statistical material to establish the quantity of work under varying conditions which should be considered standard for each kind of job. We believe that the time will come when there will be known standards of output, certainly as to quantity, and possibly as to quality of work. There are, however, so many variable conditions and influences constantly changing in modern employment that fixed standards will probably remain for some time to come uncertain at best. However, we submit that it is the part of progressive personnel administration to institute studies and research into work production and to utilize every available source of information and record to that end. In short, we believe that statistical studies of work results are a prerequisite of future progress in the field of civil service administration rather than a prerequisite of a practicable rating system to be adopted now.

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[22] This is not self-rating, but opportunity to present evidence.

With data to support their summary, Messrs. Fred B. Knight and Raymond H. Franzen in "Pitfalls in Rating Scheme," *Journal of Educational Psychology,* Vol. XIII, pages 204-13, concisely state: "There is a well marked tendency for a person to overrate himself, when he compares himself with others; and even when the introspective judgment is independent of comparison with others, this tendency still persists." The opportunity for presentation of objective evidence must be distinguished from the opportunity to present conclusions.

11. Publicity

The first and last prerequisite of any successful system is that both department heads and employees alike shall understand its method and the need to have it enforced. We have said that no amount of rules and regulations and legal sanction can make a system function successfully without the full understanding of both departments and the employees. Essential to such understanding is adequate publicity. This does not only mean a simple explanation in printed form of the proposed plan. The art of publicity centers around the emphasis of repetition. Not only must the plan be presented in the first instance briefly and clearly, but continuing publicity must follow. A rating bulletin containing further explanations and constant reports of the problems arising and how they are solved should be sent at frequent intervals to all department heads and employees. Even though not thoroughly read or studied, such a bulletin would serve the necessary purpose of keeping before those most vitally interested the knowledge that the rating system is a going concern which affects the welfare and progress of the service and that it deserves the most conscientious attention and support of all whose work it is to carry on the public business to the best of their abilities, and to improve the quality of public service from day to day and year to year.

Appendix A

We did not set out on the foregoing analysis with any preconceived new system of service rating in mind. We doubt whether any system can be proposed *a priori* which will meet all objections from one quarter or another. We do believe, however, that the need for a rating system which fairly measures effective work is so great that personnel administrators and employees should strive together to develop and test some more workable plan despite the limitations which exist. We believe that a working knowledge of the history of rating efforts in the past and a conception of the difficulties and needs involved are a necessary foundation for wise approach to a new solution. We have sought to present an outline of that history, those difficulties, and the prerequisites as we see them.

As a starting point for conferences and discussion, but with full appreciation that different conclusions may result therefrom, we append a preliminary suggestion which, in the form of amendments to the rules and regulations of the civil service commission and to the forms of rating cards for possible use, seems to us to approach toward the solution of the problem in the ways indicated by our report.

It will be seen that this preliminary suggestion is an adaptation of the present system in use in New York City. The adaptation decreases the number of rating cards, shortens the instructions, points out to reporters the kind of acts and results which have been receiving and which we feel ought to receive the largest increases and decreases of increment, reduces the possibility of friction, places definite values upon definite acts and results, permits the evidence to be weighted in the light of varying conditions by commission examiners, provides for the expression of opinion of reporters upon the work-characteristics and capacity of those employees whose work is satisfactory or nearly so, provides indicators for self-improvement by employees, limits the influence of subjective opinion to comparatively small "standard" increases and decreases in increment while recognizing the importance of the ability to satisfy superiors, provides a method for the application of the employees themselves for recognition of work results achieved, and finally, furnishes a quick and simple method for hearing the grievances of all parties.

We submit first a statement of regulations which would provide for such adaptation:

REGULATIONS GOVERNING SERVICE RATING

The rating of all employees in the competitive class, other than employees in the uniformed forces of the correction, police and fire departments, shall be governed by the following regulations:

I. Reports

a. Departments shall submit reports to the commission on forms prescribed by the commission twice each year between the first and fifteenth days of June and December, evidencing the acts, accomplishments, or work traits of each employee for the preceding six months. Evidence may also be submitted at the same time by any employee who desires to do so on a separate form as to his own work or conduct during such period.

b. For the purpose of completing such forms a department may maintain such organization including a departmental rating report board, and follow such procedure as it shall deem most effective subject to the provisions of the rules and regulations of the commission.

c. There shall be two forms on which departments shall submit evidence.[1] Form A shall be used to submit objective evidence of those acts or results (conclusions) enumerated thereon, which, if substantiated, entitle the employee to 1 per cent or more increase or decrease for the rating period. A separate copy of form A shall be used for each such employee.

Form B shall be used to submit opinion concerning the work traits of employees not reported on form A who may be eligible to receive for seniority in satisfactory service the standard increment of ½ per cent for the period, or, because of unsatisfactory service to a withholding thereof, or a deduction of ½ per cent for the period. On each copy of form B may be included from one to ten employees holding the same grade in any one position.

d. Employees may submit directly to the commission statements as to themselves, for the rating period, of objective evidence of any of the acts or results (conclusions) enumerated on form A. Such submission may be made on any letter sized paper, headed: "Employee's submission of service rating evidence"; and must state, in addition to the evidence, the name, position, and department of the employee, and the act or result claimed for the period.

II. Rating Values

Rating values shall be as follows:

a. At the time of the employee's appointment or promotion he shall receive an original rating of 70 per cent.

b. If the finding of the commission upon the record and evidence is that an employee, for the half year ending May and November 15 last past, has performed no extraordinary acts or accomplishments of merit or demerit and is not subject to the withholding or deduction on account of unsatisfactory service as provided in "g" hereunder, he shall receive a rating increment of ½ per cent on account of seniority for standard satisfactory service in that half year until a maximum of 15 per cent has been added to his original percentage on account of seniority for such standard satisfactory service.

c. If the finding is that he has performed any one or more of the following acts or accomplishments of merit he shall receive an increment of 1 per cent in that half year:

Factors

Completed outside study or work which has increased usefulness.

Performed work of unusual responsibility effectively in addition to own routine.

Performed much overtime work (own, or that of others also) without additional compensation.

Performed own work under unusually difficult conditions with unusual distinction.

d. If the finding is that he has performed any one or more of the following acts or results of demerit he shall receive a deduction of 1 per cent in that half year:

Factors

Acted carelessly or used misjudgment resulting in detriment to service.

Accomplished insufficient work results.

Lateness or absence impaired usefulness.

Temperament or disobedience or violations of rules resulted in detriment to service.

e. If the finding is that he performed any one or more of the following acts or accomplishments of merit he shall receive a rating increment of 2 per cent in that half year:

Factors

Established unique record for quantity and quality of work done.

Voluntarily performed unique service of extraordinary value.

---

[1] Proposed rating forms A and B are appended hereto.

On own initiative devised new and useful system or device.

Performed heroic act above and beyond call of duty.

f. If the finding is that he performed any one or more of the following acts or results of demerit he shall receive a rating deduction of 2 per cent in that half year:

Factors

Performed acts injurious to public welfare or property.

Neglected duty resulting in detriment to public welfare or property.

Acted dishonestly, or was intoxicated while on duty or was insubordinate.

Absence without leave resulted in detriment to public welfare or property.

g. If the finding is that he has so conducted himself as, in the opinion of his department, to evidence three or more of the following characteristics appearing in form B he shall receive a deduction of ½ per cent in the half year:

Frequently violates rules.
Often late.
Slow in work.
Work careless.
Does not coöperate.
Poor appearance.
Indifferent.
Trouble maker.
Uses poor judgment.
Unprogressive.

If the finding is that he has so conducted himself, as in the opinion of his department to evidence one of said characteristics the increment for standard satisfactory service mentioned in b above shall be withheld.

h. The addition and deduction of each of the aforesaid increments may occur only once in each half year, but two increments in different groups may be awarded simultaneously in one half year so that the maximum of increments or deduction in any one year may be 6 per cent; or the increments and deductions may cancel each other, resulting in no increment or deduction in one year.

i. Ratings awarded shall accrue until the employee is promoted or otherwise advanced to a higher position, except that when an employee's service rating equals 100 per cent, he shall receive no further increment unless his rating thereafter falls below 100 per cent; and except that no employee shall receive before promotion an increase of more than a total of 15 per cent as a result of standard satisfactory service periodically reported in form B. Upon promotion, an employee's rating shall again be 70 per cent.

III. Rating Procedure and Findings

a. Beginning on June and December 20 of each year, the examining division by its rating board, with the coöperation of the personnel officer, if any, of the department concerned, shall examine the evidence submitted as to each employee and shall, if it deems necessary, make such further investigation into the facts of each case as it sees fit and shall report to the commission its findings of the facts as to the acts, accomplishments, or work traits of each employee for the preceding six months' period.

b. The commission shall thereupon rate as the evidence shall warrant all employees in accordance with the values fixed in these regulations.

c. As of May 15 and November 15 in each year for the preceding six months the commission shall be the sole judge as to the sufficiency, weight, and objectivity of evidence submitted, or adduced in substantiation of reports; and its findings if no appeal therefrom has been filed within the time provided herein, or upon the due determination of an appeal if filed, shall be conclusive.

d. The commission shall, on August 1 of each year, recommend to the budget director and to departments for priority in salary increases within grade in the following year, all employees whose total rating as of December 31 last past has increased a total of 6 per cent or more since his last salary increase, unless the employee is then receiving the highest salary permissible within grade.

e. Service ratings shall have weight in the ranking of each employee on a promotion examination as provided in the regulations governing the rating of such examinations.

f. All evidence furnished to the commission or adduced by the examining division along with its findings shall be filed in writing in the office of the commission and shall constitute the service record of the employee.

IV. The Appeal

a. The commission shall notify each department of the ratings granted to its employees each period, and shall also notify each employee of his rating.

b. Within ten days after notification of a rating, any department concerned therewith, or employee so rated, shall have the right to appeal to the commission. The commission shall, upon the receipt of a written request for such appeal, set a time within twenty days for a hearing thereof. The hearing shall be set and held before the examining division or before the commission, at which time the party appealing will, and in the discretion of the commission any other interested parties may, be heard, and the evidence and rating will be reviewed. Determination of the commission after such appeal shall be final and conclusive.

c. Any employee may make written application to the commission to inspect the record of another employee holding the same position as the applicant, setting forth the reasons for such application. The commission may, upon reasonable cause shown, grant such application.

CONCLUSION

In recommending the foregoing modification of the rating system now in use it is not contended that all of the problems of rating will be immediately solved.

Changes in rating systems in the past in New York City have been made piecemeal, that is, in an effort to cure one particular defect, one or more modifications have been proposed. The present proposals are urged as a basis first for conference and discussion and then for trial with such modifications as may appear best.

The proposal provides forms which state conclusions (factors) that have been consistently awarded increments when established in the past, and asks reporters to state evidence, if any, to substantiate any factors checked. It provides that the commission's rating board shall examine the detailed evidentiary statements, offered to substantiate the conclusions checked, in the light of work conditions and particular occupations. This combination of procedures presents a novel approach, in the field of rating, toward a solution of the major problems which have heretofore disrupted rating systems.

Not every form of conclusion which has been awarded increments in the past is listed. But nearly every such form of conclusion will properly fit into one or another of the broad factors, or conclusions, which are listed.

Full understanding of the fact that rating is not a departmental matter alone, but a matter affecting the whole personnel of the city equally, remains, however, of the utmost importance. Constant reiteration and explanation of the object and method of the rating system will be necessary. The rating board should continuously make clear to departments and employees the meaning of the rating system and the progress that is being made. Only through coöperation and constant recognition by the commission of the needs and problems of departmental reporters, and of the employees themselves, can any system be made a success.

In aid of such understanding and cooperation the appointment of departmental personnel officers is of outstanding importance. It would be a distinct advance in public personnel administration and in eventual economy if a separate personnel officer without other duties shall be provided in the budget for each department, and that such personnel officers be appointed as a result of competitive examination into their knowledge of the civil service law and its practical administration and particularly their knowledge of the problems of rating.

This report has sought to make clear the reasons for the various changes from the system now in use in New York City which are hereby proposed. However, a further word might usefully be added on the subject of form B. Although the factors appearing on form B are as objective as characterizing factors can be, they undoubtedly call for the opinion of employers as to characteristics of work and conduct of employees. It will be noted that form B is for use in determining whether to grant the standard increment of ½ per cent for seniority in satisfactory service or to withhold such increment, or deduct ½ per cent for the period. The increment will be granted, unless, in the opinion of the employer, the employee has evidenced one or more unsatisfactory work traits. It may be asked why varying increments are not given for a various number of satisfactory or favorable traits. The reason for this is that the favorable factors are all such as can be reasonably expected of city employees. The employees are expected to give satisfaction. The ½ per cent increment is not a reward so much for favorable traits, as it is an increment for seniority—time spent in effective service. It is awarded for adequate satisfactory service for the period. The favorable traits are set forth as an encouragement to employees and as a check to show how they "size up" to their employers.

There remains the possibility for misuse of the power to report that an employee has unsatisfactory traits; in practice there is a tendency on the part of reporters to be liberal rather than the reverse; and even if the power should on occasion be abused, the present proposal limits to a minimum the deduction from the employee's rating which follows. The deduction of ½ per cent is not a very drastic penalty. It is not in any way a limitation upon disciplinary action within the department or removal. A good employee ought not to demonstrate such unfavorable traits even in the opinion of his superior. All substantial increases or decreases are based on evidence, not reported conclusion.

SERVICE RATING FORM "A"

(Presenting evidence of unusual acts or accomplishments of one employee only)

INSTRUCTIONS: First check any act or result listed on this sheet which the employee has *performed during this period.* If the employee did not perform any one of the acts or results here listed use Form "B".

Second, after checking any item listed on this sheet turn the sheet over and specify full objective details thereof—the particular facts of this case—on the reverse side. The details must evidence the conclusion in order to substantiate the rating proposed. One item only should be checked to detail any one performance.

Period:..............to.............., 19....
Employee's name: ....Department...................
Position: ....Grade ....Salary: ....

(Group 1. Any one or more items checked in this group will when substantiated by objective specifications entitle employee to increase or decrease of 2 per cent in any period.)
Check:

☐	Item:	1	On own initiative devised new and useful system or device.	Specify	Details	Over
☐	"	2	Performed act injurious to public welfare or property.	"	"	"
☐	"	3	Performed heroic act above and beyond call of duty.	"	"	"
☐	"	4	Neglected duty resulting in detriment to public service or property.	"	"	"
☐	"	5	Voluntarily performed unique service of extraordinary value.	"	"	"
☐	"	6	Acted dishonestly, was intoxicated on duty, or was insubordinate.	"	"	"
☐	"	7	Established unique record for quantity or quality of work.	"	"	"
☐	"	8	Absence without leave resulted in detriment to public welfare or property.	"	"	"

(Group 2. Any one or more items checked in this group will when substantiated by objective specifications entitle employee to increase or decrease of 1 per cent in any period.)

☐	Item:	1	Completed outside study or work which increased usefulness.	Specify	Details	Over
☐	"	2	Acted carelessly or with misjudgment resulting in detriment to service.	"	"	"
☐	"	3	Performed work of unusual *responsibility* effectively in addition to own routine.	"	"	"
☐	"	4	Accomplished insufficient work results.	"	"	"
☐	"	5	Performed much overtime work (own or that of others) without additional compensation.	"	"	"
☐	"	6	Frequent lateness or absence impaired usefulness.	"	"	"
☐	"	7	Performed own work under unusually *difficult conditions* with unusual distinction.	"	"	"
☐	"	8	Temperament, disobedience, or violation of rules resulted in detriment to service.	"	"	"

SPECIFY DETAILS OF ALL ITEMS CHECKED: USE REVERSE SIDE

SERVICE RATING FORM "B"

For Employees not Reported on Form "A"

(Describing work characteristics of ten or less employees holding the *same position and grade.*)
Instructions: List the names of all employees covered by this report here:

	Names	*Department*	*Position*	*Grade*
1.	....	....	....	....
2.	....	....	....	....
3.	....	....	....	....
4.	....	....	....	....
5.	....	....	....	....
6.	....	....	....	....
7.	....	....	....	....
8.	....	....	....	....
9.	....	....	....	....
10.	....	....	....	....

Observe the *number* before the name of each employee listed above. The column hereunder, headed by the number of each such employee, refers to the work traits possessed by him. For each employee place a check in his column after each work trait, *if and only if it fairly describes his work, or him.* This card will *not* be used for comparative rating. These employees are eligible to receive the standard satisfactory increment of ½ per cent per rating period unless one or more unfavorable characteristics are checked each period. Check all applicable items.

	1	2	3	4	5	6	7	8	9	10	
Dependable	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
Sometimes violates rules	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
Tactful	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
Often late	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
Learns quickly	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
Coöperative	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
Slow in work	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
Careless	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
Conscientious	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
Accurate	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
Poor appearance	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
Has initiative	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
Indifferent	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
Trouble maker	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
Resourceful	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
Gets much work done	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
Uses poor judgment	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
Inspires others	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
Has valuable experience	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....
Unprogressive	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....	.....

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THE LEAGUE'S BUSINESS

The League's Forty-first Annual Conference.— Governor Theodore Francis Greene of Rhode Island and Mayor James E. Dunne of Providence will greet those in attendance at the League's annual conference at its first session on Monday morning, November 25. Sessions will continue throughout that day and on Tuesday, the 26th, at the Hotel Biltmore, Providence, R. I. We are looking forward to a splendid gathering and to passing the attendance record made at the conference last year when more than six hundred civic leaders, public officials, and students of government from all parts of the country met at Pittsburgh.

At Monday's luncheon meeting Former Governor John G. Winant of New Hampshire, now Chairman of the Social Security Board, and Walter Fitzpatrick, city treasurer of Providence, will speak.

The afternoon of the 25th and the morning of the 26th will be devoted to group sessions on the following topics: Reorganizing City Government to Increase Efficiency, Unemployment Relief Administration, New Sources of Revenue, County Government, Public Debt, The Problem of Civic Education, Tax Limitation, Libraries, and Recreation. Included among the many prominent persons who have agreed to participate in these group sessions will be Dr. Gotthilf Bronisch of Germany; Frank Bane, recently appointed executive director of the Social Security Board; Henry Long, Tax Commissioner of Massachusetts; Dr. Thomas H. Reed of the League's Municipal Consultant Service; John S. Linen of the Chase National Bank of New York; Lent D. Upson, of the Federal Emergency Relief Administration and Director of the Detroit Bureau of Governmental Research; Former State Senator Seabury C. Mastick of New York; and John W. Studebaker, United States Commissioner of Education.

The Proportional Representation League's annual meeting, with Hon. Samuel Seabury of New York and Dr. A. R. Hatton of Northwestern University as the principal speakers, will be held in connection with a dinner the evening of the 25th.

Tuesday's luncheon will be devoted to problems of relief, with Corrington Gill of the Federal Emergency Relief Administration as speaker. The afternoon session on the same day will be given over to Better Government Personnel. Dr. Leonard D. White, United States Civil Service Commissioner, and Dr. Luther Gulick, Director of the Institute of Public Administration, will be among the speakers.

The annual banquet of the League will take place on Tuesday evening. The League's president, Dr. Harold W. Dodds, president of Princeton University, will preside. Other speakers will be announced shortly.

The National Association of Civic Secretaries, which will participate in the Conference on Government, is planning to hold its annual meeting on Sunday, November 24—the day previous to the League's sessions—at the Biltmore in Providence. Meetings will begin at ten A. M. and continue throughout the day. Breakfast meetings will be held Monday and Tuesday at eight A. M. Among those listed as speakers are: George H. Hallett, Jr., Miss Mary H. Ingham, H. Eliot Kaplan, William P. Lovett, R. J. Saunders, Allen H. Seed, Jr., and Richard Watrous. There will also be discussion on municipal finance, how to use civic agencies, and financing your own organization, together with reports from the field.

* * *

Nomination of Officers for 1936.—The Committee on Nominations has now issued its report on League officers for 1936. The following nominations have been submitted: *President,* Harold W. Dodds; *First Vice-President,* Margaret M. Wells; *Second Vice-President,* C. A. Dykstra; *Treasurer,* Carl H. Pforzheimer; *Honorary Secretary,* Clinton Rogers Woodruff; *Honorary Vice-Presidents,* Charles A. Beard, H. L. Brittain, Henry Bruere, Harry F. Byrd, Harry Woodburn Chase, Frederic A. Delano, John N. Edy, Samuel S. Fels, Mayo Fesler, Russell Forbes, A. R. Hatton, John R. Haynes, Frank O. Lowden, Charles E. Merriam, W. B. Munro, Frank L. Polk, Thomas H. Reed, Chester H. Rowell, Murray Seasongood, Miss Belle Sherwin, Mrs. F. Louis Slade, and A. Leo Weil; *Council* (three-year term), Harold S. Buttenheim, Mrs. Siegel W. Judd, Morris B. Lambie, William P. Lovett, Mrs. Virgil Loeb, Seabury C. Mastick, Henry L. Shattuck, Charles P. Taft, 2nd, Henry M. Waite, and Morton L. Wallerstein; *Council* (two-year term to fill vacancy), L. Arnold Frye.

Election of officers will take place at the business meeting of the League to be held November 26 in connection with its forty-first annual convention at Providence on November 25 and 26.

The nominating committee is composed of the following members: C. W. Tooke, *Chairman,* Louis Brownlow, Robert M. Goodrich, Carl H. Pforzheimer, and Lent D. Upson.

* * *

Radio Broadcasts.—This month finds the League's president, Dr. Harold W. Dodds, President of Princeton University, listed as a speaker in the YOU AND YOUR GOVERNMENT series on "Planning." Dr. Dodds is scheduled to discuss the question "Is Local Government Doomed?" His address will be broadcast November 26, at 7.45 P. M. eastern standard time (the regular

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Editorial Comment
❖
November

NATIONAL MUNICIPAL REVIEW

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Turning to the Record

In this issue, the National Municipal Review presents a series of experience reports on the operation of tax limitation laws. There has been a great deal of talk about the desirability of such laws as well as a great deal of talk about their dangers. The best witness, however, is experience. And, in this case, the record of experience seems clear. Wherever tried, such laws have resulted in a practical breakdown of local government and a chaos in municipal finance.

When a city has to shut off its street lights at midnight, close three of its twelve needed fire stations, discontinue the collection of ashes and rubbish, and on top of that requires a large deficiency bond issue because it is not able to meet its current operating expenses, there is something wrong somewhere! The city referred to is Dayton, Ohio, which means to those informed that the government is ably and efficiently administered. The trouble is an arbitrary tax limitation that is forcing Dayton to curtail essential services and issue bonds for current operation.

Dayton is but one example, selected because where efficient administration prevails, less trouble with a tax limitation law should be anticipated. There are many others. In Birmingham, Ala., they are trying to run a city of 260,000 people on a little more than $700,000 a year, not counting debt service and education. This is about $3 per capita or less than a cent a day per person! Yet there are other cities which boast of spending but 25 cents a day per person.

In the past three years, we have weathered remarkably well a serious crisis in municipal finance. The experience of cities under tax limitation points to shoals ahead if this policy should be extended.

The National Municipal Review has tilted its lance sufficiently often at waste and inefficiency in local government so as to be able to escape the charge of defending or condoning any such conditions. If tax limitation were a means to the end of eliminating waste and producing efficiency in government, the Review would be found among the loudest criers in its favor. After careful scrutiny of experience, we find instead that tax limitation represents probably the most serious immediate menace with which local self-government and sound public finance is faced at the present time.

Political Parties and Nonpartisan Local Government

One of the questions most frequently raised in connection with the adoption of nonpartisan local government such as may be obtained through the city or county manager plan is as to its effect upon the national political parties.

"The national parties have their roots in local government," the argument runs. "If we put local government on a nonpartisan basis, we'll destroy our national parties."

The issue bobbed up again in connection with the adoption of the proposed county charter for Hamilton County, Ohio, and was answered with force by our own Murray Seasongood, ex-president of the National Municipal League, and former mayor of Cincinnati.

"It is vehemently stated," Seasongood said, "that in some way the adoption of this charter will be an injury to the party system. Nothing is further from the truth. This argument was made with the same vehemence against the adoption of the charter of the city of Cincinnati, on which the county charter is patterned.

"Yet the adoption of the city charter and the citizens' movement in the county have unquestionably been good for both political parties. They have required the nomination of better candidates than formerly and they also have aroused the interest of the electors and greatly increased the size of the vote at elections.

"It depends what you mean by the party system. What do local 'gangs' accomplish for national parties? Will our opponents assert that Tammany is good for the Democratic party, or that the Cox-Hynicka or Maschke or Walter Brown or Vare organizations or the Bill Thompson 'gangs' are good for the Republican party?

"It is absolutely contrary to universal experience that good should come from something which is entirely evil and that the best government can be obtained from those who are ignorant and criminal.

"If it be granted that the two-party system is essential to good government, there is a complete *non sequitur* in the assertion that movements by citizens to govern themselves locally, on a nonpartisan basis rather than to be plundered by a political machine, are incompatible with the existence of that system in state and national affairs."

And that, we are inclined to think, is that!

Forty-first Annual Conference on Government

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See page 604 for highlights of program. Full program and members' railroad certificates may be secured from the National Municipal League office.

The Effect of Tax Rate Limits on Municipal Credit

Arbitrary and inflexible limits are bound to undermine municipal credit. They have been ineffective in reducing the cost of government and are a dangerous and bungling means of correcting the tax system

FREDERICK L. BIRD *Director of Municipal Research, Dun & Bradstreet, Inc.*

It is somewhat ironical that a group which has found so much use—and misuse—for municipal credit in years not long past, should now be concentrating its efforts in the promotion of a policy which will vitiate such credit for future usefulness. This is exactly what the organized real estate interests are doing, however, through their pressure to secure universal adoption of fixed rate limits on general property taxation.

The general purposes of this movement are in many respects praiseworthy, particularly as they relate to inducing more economy in government and to encouraging diversification in the sources of municipal revenue. But the method used is haphazard, misdirected, and arbitrary, and there is more than a suspicion that it is merely a self-interested and short-sighted attempt to shift the tax load regardless of consequences. The tax rate limit scheme is an immediate threat to good government, and its adoption holds forth promise of increased rather than decreased cost of municipal administration.

One of the most serious consequences of tax rate limits is their detrimental effect on municipal credit. This in itself should be sufficient to insure abandonment of the movement, because good credit is indispensable to the functioning of local government. Most capital improvements must be financed entirely or partially by borrowing, the pay-as-you-go plan as an exclusive financing method being particularly impracticable in periods of subnormal community income. Municipalities also must have ability to borrow for emergencies, whether they arise from some catastrophe of nature or from some social calamity such as sudden and unprecedented unemployment. For most municipalities, moreover, the maintenance of credit is necessary for the routine temporary financing called for in the ordinary course of operations. Ability to borrow, and the rate at which loans can be secured, are contingent upon the risk involved to the lender, and such risk is manifestly increased when arbitrary limits are placed upon a municipality's ability to tap its resources for repayment.

The maintenance of strong municipal credit—ability to borrow and at the lowest going rate of interest—demands that outstanding debt be kept well within available resources to pay and that budgets be balanced. Tax rate limits are a menace to both of these fundamental credit essentials, a fact which can be readily demonstrated by a study of financial operations in places where they have been in force for any extensive period.

No better illustration may be found than that of the state of Alabama, where for many years a confusing heterogeny of municipal tax rate limits has been imbedded in the constitution. Somewhat more generous than the limits now being generally proposed, but applying to service on practically all outstanding debt as well as to operating funds, they permitted fairly adequate financing of municipal requirements during a period of high and rising assessed valuations. Particularly was this true because Alabama had developed alternative sources of municipal revenue more extensively than other states. More recently, however, the combination of fixed tax rates and declining assessed valuations has rendered it impossible for leading cities in the state to meet their debt obligations satisfactorily. Mobile, its running expenses down to rock bottom, has nevertheless been in default on its debt since February 1932—not because of the lack of community resources for payment, but primarily because of a constitutional limitation on the levying of taxes. A somewhat similar, though less serious, condition prevails in Montgomery, where an 18 per cent decline in assessed valuations has resulted in the unavailability of adequate revenues to care satisfactorily for both current operations and debt service. Birmingham, a city with moderate debt and capable fiscal administration, but with assessed valuation reduced 30 per cent from the peak, has been forced each year for the last three years to refund a part of its maturing serial bonds, and is faced with a necessary continuance of this policy until such time as renewed real estate activity permits assessments to move well up the scale once more. Costs, in the meantime, in these Alabama cities, are being increased not only by interest on their deferred debt payments but by higher-than-normal interest rates on such money as they are able to borrow.

Their experience sheds light on one of the most serious weaknesses of tax rate limits as they affect municipal credit. A tax rate has no significance as a producer of revenue until it is applied to the taxable property valuation, and this valuation is peculiarly subject to the errant vagaries of both administration and circumstance. In many places its determination is unscientific and haphazard and it bears only a perfunctory and varying relation to actual value. In periods of depression there is always the frenzied demand for reduction, with little or no voluntary market to make true values ascertainable, and in periods of rising prosperity there are the pressing influences of inflated values, fictitious land prices, and the urge for increased valuations to stimulate real estate speculation. Any attempt to apply a fixed tax rate to so unstable a base discloses a naive obtuseness to the fixed charges for debt service and the many other fixed and semi-fixed charges which preponderate in a municipal budget. Thus in years of rising values service on increasing debt is assumed with seeming impunity, aided and abetted by realty interests expert in diverting public credit for private speculation purposes. Once valuations turn downward again fixed charges absorb an increasing proportion of available funds until their payment must be deferred to the meeting of bare necessities for keeping the municipality a going concern. No prudent investor is going to hazard his money upon a system which, at the advent of the next depression, will operate almost automatically to remove a city's resources from support of his investment.

OHIO'S EXPERIENCE

Ohio, now entering blithely upon another 1 per cent tax limitation experiment, has but to look to its previous adventure in this field to discover its practical futility. Municipal credit, it may be repeated, depends upon keeping debt well within available resources to pay and upon balanced budgets. From 1912 to 1922, the period in which Ohio previously was demonstrating tax saving under a 1 per cent limitation, taxes of Ohio counties and municipalities increased 96 per cent, this despite the fact that huge sums were being deferred, through bond issues, for payment by taxpayers in later years. The effect of this bemuddled era on debt is likewise a damaging testimonial. Inadequate revenues forced municipalities to issue bonds to finance operating deficiencies, pay-as-you-go plans of capital financing were abandoned, and the many minor improvements and replacements normally and properly paid from tax revenues were financed by borrowing. Operating deficits became chronic, to summarize the excellent analysis by R. C. Atkinson. "Cincinnati ended every year from 1915 to 1921 with a heavy deficit, as did Cleveland and Columbus in all except one of these six years, and Toledo and Dayton in all but two." He estimates that in this period Ohio local governments issued more than $50,000,000 of bonds for financing current expenses. By the close of 1922 "deficiency bonds made up more than 14 per cent of municipal debt, exclusive of special assessment and public utility debt. In Cleveland they formed 19 per cent of the debt, in Dayton 24 per cent, and in a few smaller cities the ratio ran as high as 40 per cent."

Apparently oblivious of these inevitable consequences, Ohio initiated its second 1 per cent tax limitation experiment in the budgets of 1935—this time with the temporary—and inadequate—aid of a locally shared 3 per cent state sales tax, one-third of the proceeds of which is a levy on expenditures for food. Despite its only partial application to debt service there are already some extreme instances where a municipality's share of the rate does not even cover debt requirements, deficiency bond issues are coming to the fore again, and stimulus has been added to the forced refunding of bond maturities by many cities, counties, and school districts. The legislature, furthermore, is about to consider removal of the bars to wholesale refunding of debt.

OTHER STATES

In several other states pre-existing or newly enacted tax rate limits of an especially arbitrary nature are actually or potentially weakening influences on credit, particularly in Michigan, Washington, and West Virginia, and to some degree in Indiana, Oklahoma, and Texas. Not all local governments in these states are equally affected financially, or in some cases legally, but investors can hardly be expected to exercise a precise discrimination and the credit of some stands to suffer unjustifiably—but still with unfortunate consequences to ability to borrow advantageously.

Not all tax rate limits, it is fair to say, are seriously detrimental to credit. The very common type imposed on operating costs exclusive of debt requirements are of little concern so long as they do not force extensive borrowing to cover operating deficits or render it impossible for municipalities to satisfy their commercial creditors. Some limitations, such as that of $70 per capita for Minnesota cities or the 15 mills for operations and 10 mills additional for debt service of third-class Pennsylvania cities, are relatively innocuous through the margin allowed for all reasonable requirements. A certain degree of flexibility upon petition to the constituted authorities, as in the instance of Indiana, removes some of the disadvantage. The real menace to municipal credit lies in the form of rate limitation now being popularized—the 1 per cent, or 1½ per cent, inclusive limit on all general property taxes within a state, placed in the constitution if possible to render alteration difficult. Under such a limitation, concretely, the fixed rate must be apportioned fractionally among county, city, schools, and state (if the latter still requires this source of revenue) to cover all tax-supported operating requirements and to include payments on future debt. Even the most cursory investigation discloses the absolute inadequacy of this rate applied to any reasonable valuation and evidence is accumulating rapidly of untenable conditions arising from such newly imposed restrictions.

The facts that service on existing debt is exempt from the limit, or that debt service is legally a first charge against revenues, carry no complete assurance of security to the creditor. When operating funds are inadequate there is always the temptation to divert sinking funds to the payment of serial bonds, as is now being done in notable cases in Ohio, or to employ debt funds, despite illegality, to keep the city running. The presence of cramping limitations prevents the utilization of reserves to offset tax delinquency and margins of safety are thus completely lost. The detrimental effect on administrative morale, moreover, of financial uncertainty, inability to balance budgets, and dependence on legislative handouts is bound to undermine the confidence which creditors have placed in strong administrations. Finally, it is absurd to place trust in any legal priority for payment of interest and principal, as no municipality can be expected to satisfy creditors at the expense of its operating existence and no group of citizens will continue to pay taxes if the services on which they depend are dangerously weakened or abandoned.

Even granted some special security for outstanding debt, the prospects for advantageous future borrowing under restrictive tax rate limits are poor. Each new loan tends to increase the ratio of fixed charges to the total allowable budget. In some Ohio cities and counties, in fact, the menace of this increasing debt service ratio is being steadily accentuated at present through the refunding of millions of dollars of special assessment bonds with general obligation bonds whose service falls within the tax limit. While hoped for increases in assessed valuation, as construction revives and realty values recover, may be looked to for periodic relief, there is no assurance as yet against recurring depressions.

Investors in municipal bonds may have been somewhat oblivious of the menace of limited tax rates in the long period of rising property valuations, but their present point of view is one of increasing discrimination. This is being reflected more and more in the spread in interest rates between limited tax and unlimited tax bonds. Many conservative investors are declaring against any municipal securities involved in arbitrary rate limitations, partially, no doubt, because of the legal intricacies which sometimes becloud the issuance of bonds under such conditions. The rise of such sentiment is particularly significant in view of the fact that most obstructive rate limits are newly enacted and have not had time, as yet, to demonstrate their full nuisance value.

Any spread of arbitrary and inflexible tax rate limits is bound to have the positive effect of undermining municipal credit. They have been ineffective in reducing the cost of municipal government in the past and offer poor prospects of any such accomplishment in the future. As a left-handed means of correcting the tax system they are dangerous and bungling. It is unfortunate indeed that the promoting interests cannot see constructively beyond the predicament which they have helped to create for themselves and turn their civic enthusiasm to more worthy and fruitful public objectives.

The By-Products of Tax Limitation in West Virginia[1]

Tax limits have not meant tax relief but have led to increased demand for state aid, new types of local taxes, and evasion of maximum levies

JOHN F. SLY

Princeton University

Tax limitation as practiced so freely in the United States today has its roots deep in a "program." The "program" lends itself readily to simple statement, is easily translated into political promises, and appeals strongly to the "practical man" who is quick to identify preferred treatment with the general welfare. To itemize it is a matter of a few moments:

First, that property taxes shall be reduced from one-half to two-thirds of the prevailing amount.

Second, that the strictest "economies" shall follow (indeed, *must* follow) such drastic reductions.

Third, that "economies" mean not only reduced budgets, they mean a more or less complete rearranging of outworn governmental structures.

Fourth, should moderate "replacement" revenue be indispensable, it must be raised by "indirect taxation."

Fifth, that state aid shall replace "essential" revenues lost to local government through "tax limits" on property.

When West Virginia adopted her famous tax limitation amendment in November 1932, these purposes, though vaguely formulated, were back of the seven-to-one vote that added the new doctrine to the state constitution. The amendment promised achievement by grouping all general property into four classes and placing a "tax limit" (a maximum levy) on each class, based on each $100 valuation—namely, 50 cents on class I property, $1.00 on class II, $1.50 on class III and $2.00 on class IV.[2]

Hardly had the furor of the election died away, when a sobered citizenship looked about with the bewilderment of a half-remembered episode faintly identified with loud speakers, huzzas, and ballots. At no time in the pre-election fervor had the practical problems of administration been even remotely considered. It seemed never to have occurred to anyone that so drastic a step could have been taken without either legislative or administrative inquiry into the fiscal effects of such a policy. But when the legislature convened in regular session, January 1933, the new governor faced the situation squarely and informed the state for the first time that:

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[1] The following publications by John F. Sly, George A. Shipman and others have been freely used in the preparation of this article: W. Va. University, Bur. for Govt. Res., *Public Affairs Bull. No. 8,* "Tax Limitation in West Virginia"; *ibid.,* No. 9, "Indirect Taxes"; *Natl. Muni. Rev.,* Vol. XXII No. 11 (Nov., 1933), "West Virginia S. O. S."; *Survey Graphic* (March, 1935), "The Fallacy of Tax Limits".

[2] The classes were as follows: *Class I*: All tangible personal property employed exclusively in agriculture, including horticulture and grazing; all products of agriculture (including livestock) while owned by the producer; all money and all notes, bonds, bills and accounts receivable, stocks and any other intangible personal property. *Class II*: All property owned, used, and occupied by the owner exclusively for residential purposes; all farms, including land used for horticulture and grazing, occupied and cultivated by their owners or bona fide tenants. *Class III*: All real and personal property situated outside of municipalities, exclusive of classes I and II. *Class IV*: All real and personal property situated inside of municipalities, exclusive of classes I and II.

"The tax limitation amendment . . . has revolutionized our revenue system. Not only has it set up a classification scheme without precedent in American public finance, but it has reduced the total income from the general property tax for current expenses from over $40,000,000 in 1932 to an estimated gross yield of $23,000,000 in 1333."

The solution of this problem brought forth a fiscal impasse which placed the legislature in an impossible situation. Due to no fault of its own, every effort ended in countless fiscal and legal dilemmas. A bitter legislative session, followed by adverse court decisions, literally stopped local levies, and with them local government in important sections of the state. Municipal officers served in "acting capacities." School teachers were paid exclusively from state aid funds. The county functioned on a "voluntary basis," and the state tax commissioner issued "temporary tax tickets" to large public service corporations "requesting" payment in advance of legal levies. There was, in short, the greatest confusion, and over everything hung unsolved myriads of legal questions.

It took three additional sessions of the legislature to untangle the problems, but when the "solution" was safely bound in the chaptered laws of the state, there was no denying that the immediate results which the taxpayer had in mind were surprisingly fulfilled. The first year's levies under the new amendment saw tax tickets on general property reduced from one-half to two-thirds. Business, industry, and commerce, as well as the propertyless citizen of substantial income, occupied a new and larger place in the tax picture. The first eight months brought a state centralized highway system, a county unit for the schools, and greatly increased sums in state grants for hard pressed school districts. There was, in brief, much reason to believe that the amendment had "worked" just as the citizens hoped that it would.

LOST REVENUE

The consequences of these changes, however, became as plain as the changes themselves. In the first place the repercussions on local units with local revenue cut in half and more, led at once to increased demands for state aid, new types of local taxes, and the quiet evasion of the maximum levies. State aid centered around the pressure of organized school groups to secure additional funds—particularly for capital expenditures. Cities—crushed under debt burdens that had first claim on all local levies—lobbied (with the most modest results) through three additional sessions of the legislature to secure part of the state gasoline tax for their streets and alleys, to increase business license taxes, to levy against public utility sales, and to lay local consumers' sales taxes.

The amendment had provided that maximum levies could be increased by fifty per cent upon a vote of 60 per cent of the qualified voters, but true to the tradition of indirection in American local government, the voter denounced every effort to impair his "savings," railed at the loss of local services, and ignored attempted evasions of the tax limits, provided only that they were pleasantly obscure. These took the well known forms of refunded floating debt to permit increased current expenses, new interpretations of "revenue bonds" to relieve a restricted borrowing power, attempts to pledge "indirect revenue" for interest and sinking fund payments, excessive delinquency allowances on levy estimates, and strange devices in the form of service fees to maintain the municipalities.

NEW REVENUE

In the second place, replacement revenue, instead of reduced expenditures, became the dominant note of legislative effort. The results were these: Property taxes were, as stated, cut almost in half; indirect taxes were nearly doubled. Business and occupation taxes jumped from some $2,300,000 to $8,600,000. A railroad privilege tax from $90,000 to $1,400,000. A new personal income tax, a new beer tax and a new medicinal liquor tax added some $1,500,000, and a 2 per cent consumers' sales tax promised a $6,500,000 annual yield.

With it all there came a great centralizing movement requiring the state to either take over certain local services, or support certain local services from state-collected taxes. This resolved itself into greatly increased state aid to local schools, the complete state support of highways and secondary roads, and an unsuccessful attempt to relieve the localities of debt burdens by extending relief in the form of state credit. At the same time the new fiscal support was based on indirect taxes. These are likely to be more elastic than the general property tax and to vary more rapidly with adverse business conditions. Should this be true under present fiscal methods, it would tend toward short-term financing, casual deficits, and unstable services. There is reason to believe that West Virginia, under her present indirect tax structure, would fare far worse under depression conditions than during the years 1929-1932.

"TAX SAVINGS"

There developed, moreover, other phases to the situation. The citizen soon discovered that lower property levies did not necessarily mean tax savings. He observed that the entire load of public revenue as it is borne by the individual must be weighed to determine whether real relief was achieved. In other words, the reduction of the tax ticket did not and could not reflect a proportional reduction in public expenditures; and, consequently, it became necessary to transfer tax burdens to some other immediate source. In popular understanding this was a shift to indirect taxation; and the justification of the change was that the burden rested upon a broader base and that it represented a more equitable capacity to pay.

All taxes, however, ultimately come back to the wealth of the state, and unless expenditures are reduced the gross load upon that wealth is substantially unchanged. If tax limitation brings relief, it is only because a redistribution among taxpayers has tapped this wealth more nearly in proportion to measured ability. Tax burdens result, when public revenue is fixed; and public revenue is fixed, when public expenditure is inelastic. The way to reduce taxes is not to limit levies but to stop spending; and the most practical test of "relief," is the extent to which public expenditures can be intelligently curtailed in response to falling values. This may have little or nothing to do with tax limits.

PROPERTY VALUES

There is another important point. Will levy limitation affect property values? This is a question which economists have pondered for many years, and while full presentation of their reasoning would be out of place here, informed opinion seems to be about as follows:

1. Immediate savings to property owners are quickly capitalized in the resale price of their holdings. One fixed charge (taxes) is reduced, and the saving is added to income (rent) temporarily increasing value. The enhanced borrowing power on the new value will soon be utilized, and when the next depression arrives, fixed charges will bear as heavily as ever upon the property owner.

2. Continued curtailment of governmental services may reduce property values. Part of the unearned increment upon property is the service which is rendered the community by government. If such services remain curtailed over a long period, their absence, particularly in the face of their increased need in a relatively congested area, will reduce the value of the holding.

3. Savings under tax limits accrue chiefly to large owners and absentee holders. In general, limited levies tend to reduce governmental services out of proportion to total tax savings. The small home owner saves on his tax ticket but loses in service what he fails to make up in indirect revenue. The large, absentee holder profits because his taxes are reduced, and he is relatively unconcerned about the services rendered or the indirect taxes which he escapes by living elsewhere.

4. Levy limitation has a tendency to accelerate borrowing. When improvements cannot be made on a pay-as-you-go basis because of reduced income, the resort is to bonded debt to satisfy the local demand for better streets, public buildings, and new schools, and to floating debt (as pointed out above) to permit a larger increment of the maximums for current expenses. When bonded debt is likewise under heavy restrictions, the cry is immediately raised for new state grants for capital outlays.

THE CONSEQUENCES

Whatever West Virginia may have learned from the tax limitation amendment, it is very clear that "tax limits" have not meant "tax relief." State and local government combined is spending within a few per cent of what it spent in the recent past, and this in the face of the fact that administration, legislature, and press have carried on an unceasing campaign for reduced expenditures. The famous economy session of the legislature in the summer of 1932 hacked with a will at public expenditures only to find them bobbing to the usual level within a twelve-months period. The restriction of taxes to 85 per cent of the previous year's estimates merely caused much of the loss in revenue to be absorbed through the non-payment of floating debts. The only place in the public service where there has been voluntary economy is in the state administration, for it is only here that there has been an opportunity for real control. The result has been appreciable reductions in the cost of the state executive establishments, of state institutions, and of higher education. Unfortunately these items constitute a small fraction of all state and local expenditures, and such reductions as have been made represent a serious curtailment in services rendered.

The control of local expenditures is the next step in the tax problem, and it is the surest road to tax relief. This is the type of discipline that must accompany the use of state-collected, locally-disbursed taxes if efficiency and economy are to mean anything in local self-government, and if the needs of the public service are to be adjustable to the uncertainties of indirect revenue. The conclusion of all close observers is well nigh unanimous: tax limits at best have a subordinate place in fiscal control methods, and serve no more than as a temporary, and often distorted, restraint on public services. At their worst they can paralyze public services. There will be no important relief from revenue excesses until well-planned fiscal methods are substituted for the legerdemain of limitations that do not and cannot limit. The real answers to tax relief are old answers—state supervision, modern budget-control methods, the scientific reassessment of all general property, and an attitude of mind that looks upon government as a public service rather than as a major industry.

Briefly, the consequences of West Virginia's tax limitation amendment suggest these problems and trends:

1. The probability of further litigation under the amendment centers around the differences in treatment accorded to owners as apart from renters, and accorded to agricultural uses as apart from other uses of property. Wherever a standard of social values is the keystone of state legislation, the possibility of litigation under the federal constitution must be recognized.

2. The continuous adjustment of indirect taxation to avoid penalizing economic activity, and to keep the tax burden as nearly as possible on a capacity basis.

3. An increasing pressure upon the "maximums" to exceed the limitations where local revenue is inadequate to satisfy demands for service, through rising assessed valuations, new forms of local taxes, excessive "delinquency allowances" and refunding ventures.

4. A steady pressure on the part of taxing units to compel an increase in their allotted share of the levies.

5. Either a severe curtailment in all capital investments and a consequent falling off in public works projects, or the introduction of new forms of finance that will receive judicial approval under the new restrictions. This has already caused great difficulty in securing PWA loans.

6. The increase of state supervision over local units—namely, state support of county functions, the increased control of local schools, the integration of city-county services, and a greatly expanded state administration.

After all, the tax limitation amendment gave West Virginia a most confused and uncomfortable experience, and it is not one which it cares to see repeated. Yet the required adjustments are still far from completed, and the ultimate consequences are still far from clear. A good many difficulties could be corrected by redrafting the amendment, but this appears to be a political impossibility. In brief, the tax limitation amendment cannot be expected to produce permanently the relief which the taxpayer desires. This must come through the improvement of his government, rather than through his solemn vows to tax himself no further.

We should stop inserting tax restrictions in our state constitutions and we should remove those that are already there. Considerable overhauling of most of our state tax systems is highly desirable. This overhauling should be on the basis of the most careful study and the most expert assistance available. To tie the hands of the legislature so that it can pass neither good laws nor bad ones is folly. *Taxbits,* December 1934, issued by Tax Policy League, New York City.

Ohio Learns a Second Lesson

Tax limitation on real property has forced local governments to find new sources of revenue or shut off essential services

S. J. BARRICK

Executive Secretary, Ohio League of Municipalities

THE false hopes aroused by the "cure all" of tax limitations are proving to be bitter disappointments to taxpayers as Ohio receives another lesson in the form of a constitutional 10-mill limitation. This constitutional amendment became effective in 1934 when tax rates were set for 1935 collections. The second half of the general property tax collections for the year are now being received. The results are chaos in local government finance and the prospects for 1936 are much worse than the current year.

Two other contributory causes of local financial chaos must be considered along with the havoc created by the drastic reductions imposed by the 10-mill limitation. These are (1) reduced valuations and (2) delinquent taxes.

The reductions in revenue resulting from reductions in value and increased delinquency cause the reduction due to the 10-mill limitation to be still more serious. The reduced valuations are shown in Table I.

TABLE I

TOTAL ASSESSED VALUE OF TAXABLE PROPERTY IN OHIO, 1930-1934

Source: Tax Commission of Ohio

YEAR	VALUE
1930	$13,452,946,926
1931	10,003,960,495
1932	9,155,795,880
1933	8,072,346,768
1934	7,995,457,299

Note: Taxes levied on these values yield revenue for the succeeding fiscal year.

The taxes levied on the values above are shown in Table II. The reductions in the taxes levied from $301,873,388 in 1930 to $180,942,589 in 1933 show the effects of the depression on general property tax revenues in Ohio. This reduction of more than 40 per cent is an indication of the economies that have been effected in local governments.

Another result attributed principally to the depression was the increase of delinquency (see Table II). The delinquent taxes of the current and prior years increased from $62,846,078 in 1930 to $164,172,948 in 1933. The delinquent taxes levied in 1933 were approximately 91 per cent of the taxes in that year on a current duplicate. The delinquent taxes levied in 1934 exceeded the current taxes by twenty-five million dollars.

TABLE II

TOTAL TAXES EXCLUSIVE OF SPECIAL ASSESSMENTS LEVIED IN OHIO, 1930-1934

Source: Tax Commission of Ohio

YEAR	TAXES LEVIED ON CURRENT DUPLICATE	ACCUMULATED DELINQUENT TAXES
1930	$301,873,388	$ 62,846,078
1931	222,270,256	92,632,183
1932	201,345,549	112,228,924
1933	180,942,589	164,172,948
1934	150,195,152	175,442,460

The reduction in taxes levied due to the constitutional 10-mill limitation are partially reflected in the reduction of taxes levied for the year 1934. Table

II shows that taxes were reduced approximately thirty-one millions of dollars in 1934. The reduction due to the 10-mill limitation was approximately forty million dollars. Therefore, the reduction due to the limitation is not fully reflected in the total taxes levied because some additional levies were voted outside of the limitation.

THE TEN-MILL AMENDMENT

Tax limitation is not new in Ohio. Statutory tax limitations have been in effect for twenty-five years. The statutory 15-mill limitation was placed in the state constitution in 1929 when the voters abolished the "uniform rule" provision for the taxation of personal property.

Proponents of the tax limitation plan were encouraged by the success of obtaining a constitutional 15-mill limitation. The depression presented an opportunity for the distressed alarm of "heavy tax burdens". The most direct form of taxation, the general property tax, was attacked the hardest and the 10-mill limitation was placed in the constitution by an initiated amendment adopted in 1933. This imprudent measure, of course, attacks the main issue of public expenditures in an entirely backward attempt to reduce the tax burden.

TAX BURDENS SHIFTED, NOT REDUCED

The backers of the tax limitation plan used the false propaganda that taxes would be reduced. They knew that this was not a true statement but avoided any discussion of the measures that would have to be taken when the 10-mill limitation was placed into effect. Their strategy is explained in a statement by Adam Schantz, III, Dayton, Ohio, Chairman of the National Committee on State and Local Taxation of the National Association of Real Estate Boards.

> I attribute much of our success in Ohio in attaining the 1 per cent limitation amendment to an unusual and widespread public support by "butchers, bakers and candlestick makers". We religiously avoided even peeping the words "sales tax", "income tax", and "other taxes". We kept our hands strictly off any suggestions for new taxes. Had we begun to suggest a state sales tax, or an income tax, or some other form of tax, we would immediately have incurred the enmity of groups and individuals specifically touched by such new taxes advocated. As it was, we aroused no antagonism by suggesting where the tax should be placed. We only used simple slogans such as "Save our Homes", "Fair Taxes for Real Estate", etc.
>
> Attempt after attempt was made by a certain group opposed to our limitation amendment to get us to come out specifically and state where replacement taxes should fall. They knew that would be our "Achilles' Heel" and they were out to strike us in a weak and vulnerable spot.
>
> Whenever the protectors of other forms of wealth carry on their lobbying activities and organizations, they are not particularly interested where taxes fall so long as taxes do not fall on the particular thing they are trying to protect. Why, then, should the real estate interests seek to execute themselves and lose chances for their own protection by being pulled into this trap? *I will agree that this is not the enlightened way to look upon the problem of solving our taxation mess.*

The tax burden, especially upon the small taxpayer, has not been reduced in spite of the depression and the resulting 10-mill limitation.

The reduction in taxes levied in Ohio due to the 10-mill limitation has been estimated to be approximately $40,000,000. The property tax in this state is levied for the support of local governments, the state receiving its revenue from excise and franchise taxes. The depression-forced economies were effected by reduction in the number of employees, salary-cuts, and in some cases, curtailment of services. Many communities discontinued street lighting and services such as the collection of refuse because of economy measures.

Further economies were, therefore, impossible. The alternatives forced upon the state were either the shutting off entirely of essential services or tax levies upon new sources of revenue in amounts sufficient to replace the property taxes lost by the limitation. The latter course was decided upon and the general assembly enacted a sales tax which went into effect in January 1935.

The sales tax was estimated to yield approximately $60,000,000. The tax commission now estimates the maximum yield for this year at $45,000,000. As replacement revenues, the sales tax would have been adequate since the reduction from the 10-mill limitation was about $40,000,000. The state, however, appropriated $18,276,500 of sales tax revenues as follows:

Old Age Pensions	$6,000,000.
Old Age Pension Administration	375,000.
Poor Relief	6,000,000.
County Poor Relief Bonds	4,000,000.
Sales Tax Administration	1,901,500.
Total State Appropriations	$18,276,500.

The deductions of the state appropriations will leave the replacement revenues $15,000,000 short of the amount of the reductions in property tax levies. The commission estimates that school districts will receive approximately $18,000,000 and local governments $10,500,000.

The 1935 budgets of all local governments included the estimated receipts from the sales tax which are proving to be far in excess of the actual amounts that have been or will be received for this year. The deficit of local governments exclusive of school districts will be at least $7,000,000 as a result of the failure of the sales tax to yield the amount originally estimated.

The distribution of the local governments fund is made to the political subdivision in the county by the budget commission from a lump sum received by the county. This distribution within the county is on the basis of needs as determined by the county budget commission. This results in great variations as illustrated by the following example: Lucas County and Franklin County had an original allotment of approximately one million dollars each. The Lucas County Budget Commission allotted approximately $750,000 to Toledo. The Franklin County Budget Commission allotted $500,000 to the city of Columbus which is approximately the same size as Toledo.

The annual budgets showed very little reduction as a result of the 10-mill limitation. *Taxes* were not reduced; tax *burdens* were shifted. The saving in real estate taxes is from $4 to $5 per one thousand dollars assessment valuations. Assuming that the average home is assessed for taxation at three thousand dollars, the average taxpayer will save from $12 to $15 on real estate taxes.

It has been estimated that the 3 per cent sales tax will cost the average urban resident from $20 to $40 per year. The large owner of real estate including the public utilities and the owners of valuable downtown property have effected a tax saving. The small taxpayer, however, is finding that the 10-mill limitation is costing him more money than he saved on real estate taxes.

TAX LIMITS ARE ALSO DEBT LIMITS

The tax limitation has been declared by the Ohio Supreme Court to be a debt limitation. This has had further serious effects upon local finances. The debt limit of 10 mills was declared to be implied by the tax limitation in the case of State ex rel City of Portsmouth vs. Kountz, 129 O.S. 272, decided

March 20, 1935. The syllabus of this decision is as follows:

> 1. No legal duty reposes upon the mayor and director of finance of a municipality to sign general obligation unvoted city bonds when the annual millage pledged to service outstanding unvoted general obligation bonds is in excess of the ten-mill limitation, or, when the proposed taxation, if added to the taxation already existing, would, in any one year, during the life of such proposed bond issue, exceed such limitation.
>
> 2. A constitutional provision imposing a tax limitation, by implication also imposes a debt limitation.
>
> 3. The millage required to service outstanding special assessment and general obligations bonds which, in practice, are serviced from sources of revenue other than taxation, must be included in computing the number of mills already pledged; but funds in the treasury, collected from special assessments or publicly owned utilities may be considered in reducing the required millage. Anticipated or uncollected income from such sources may not be so considered.
>
> 4. In determining whether a proposed bond issue is within the ten-mill limitation fixed by the constitution, the outstanding unvoted bonded indebtedness of all overlapping political subdivisions must be included.

The Supreme Court has said in effect that all levies theoretically required to be made, such as the levies for special assessment bonds, poor relief bonds paid by state excise tax and public utilities bonds, because they are general obligation bonds, must be figured in the tax levies required for the debt charges although these levies are not actually imposed. The result is that approximately three-fourths of the eighty-eight counties of the state, including all of the large ones, cannot issue any bonds without authority from the voters. The general assembly passed a law imposing an excise tax on public utilities for poor relief purposes. The counties were authorized to issue bonds against these taxes. The tax is, however, a state tax and is distributed to the counties so that the bonds are only theoretically a county obligation and do not require a levy within the county for their retirement. Such bonds, however, cannot be issued without a vote because they carry a theoretical levy which would increase the tax levies for indebtedness above the 10-mill limitation.

INCREASED DEBT FOR OPERATING EXPENSES

When the first limitation was written into the Ohio laws twenty-five years ago the result was an increase in bonded indebtedness. This became so severe that a uniform bond act was passed in 1925 to regulate and control future bond issues. No bonds were permitted to be issued for current expenses.

The need for revenues because of the limitation has caused these restrictions to be removed. Political subdivisions have been permitted during the last two years to issue deficiency bonds, if approved by the voters. Seven deficiency bond issues were submitted to the voters in 1934. These are as follows:

Akron	$ 450,000.
Cleveland	4,000,000.
Columbus	746,400.
Dayton	375,000.
Delaware	36,500.
Toledo	1,965,000.
Warren	120,000.

The issues in Akron and Toledo were defeated. The other five carried and the bonds were issued.

The tax commission authorized four cities to submit deficiency bond issues at a special election in 1935. These cities were Campbell, Cleveland, Dayton, and Zanesville. The city of Cleveland withdrew its request and submitted an additional levy of 4.4 mills instead of the bond issue. The issues in Zanesville and Dayton were defeated.

The cities of Dayton and Lima are submitting deficiency bond issues at the November 1935 election. The current financial situation in Dayton is typical of a number of communities. The first

1935 deficiency bond issue was defeated in August. Beginning on September 1 the city of Dayton found it necessary to close three fire engine houses, dismiss 150 employees, turn out street lights after 12 o'clock and impose a 27 per cent salary cut. Services of garbage and refuse collection are threatened. After all of these economies have been made the city will still have a deficit of more than $200,000 at the close of 1935 if the deficiency bond issue fails in November.

LIMITATIONS WITHIN LIMITATIONS

The constitutional 10-mill limitation in Ohio is, unfortunately, not the only tax limitation in effect. Police and fire pension levies are mandated by state law up to .3 of a mill each. The 1935 amendments to the uniform budget act imposed further limitations on the power of the budget commission in the levy of taxes for political subdivisions. The minimum levy for each subdivision for 1936 and thereafter is required to be two-thirds of the average levy for such subdivisions for the last five years of the 15-mill limitation. In cases where the two-thirds minimum so fixed does not provide for debt charges within the limits, the budget commission is authorized to reduce the minimums to provide for the debt charges and an operating levy but in no case shall the operating levy for school districts be reduced below 45 per cent of the free millage.

These internal limitations, along with reduced valuations, limit the available revenues to a point where local government cannot operate. This is illustrated by the example of funds available for the city of Columbus.

Under the amended budget laws, the city of Columbus will receive 1 mill for operation. The assessed valuation of the city is $345,430,550. Six-tenths of the 1 mill must go for police and fire pensions. This will leave .4 of a mill or $138,000 for operating funds from general property taxes for 1936.

Many communities are in even worse shape as no levies can be made for operating funds and in some cases there will be a deficit in the sinking fund requirements. The lessons taught by this latest taxation experiment are indeed severe for Ohio municipalities, counties and townships. They can be valuable lessons to other states. The Illinois Tax Commission comments in its annual report that, "If the purpose of proponents of tax limitation plans is to produce government suicide, the only surer method is by reducing the limitation from 1 per cent to ½ per cent or zero." The full effect of the 10-mill tax limitation will not be known until all figures are available for the year 1935. The deficits will then be definitely known and the prospects for 1936 can be more accurately forecast. It is to be hoped that some means will be found to continue the operation of local government and maintenance of essential services. The essential services and functions of local government are now in extreme danger. The failure to maintain these services will result in great loss to health, life and property. The saving in taxes (?) will be made up in other costs which are proving to be more expensive than taxes.

Probable Effects of Tax Limitation in Illinois

Study of tax limitation proposals indicates plan is impractical and unsound, that its adoption would mean chaos and the complete breakdown of many services of local government

SIMEON E. LELAND

Illinois Tax Commission

PROPOSALS to limit taxation are not new. Both constitutional and statutory limitations were tried decades ago. Even the methods for avoiding these restrictions are not new. The history of past limitations and the experiences of other states are thus available to Illinois. From them many lessons can be learned. If the state chooses to ignore what has happened elsewhere and adopts a tax limitation without careful inquiry into the probable results and consequences of such action, it can only blame itself for refusing to profit by the mistakes of others. So clear is the evidence against the adoption of a constitutional provision limiting property taxation to 1 or 1½ per cent of its value that it is difficult to see how intelligent people, possessed of the facts, can argue in favor of it. So disastrous have been the effects of recent constitutional tax limitation plans upon well managed governmental agencies that all of those interested in the continuance of adequate public services or in the welfare of governments should unite to oppose this movement—a movement led, incidentally, by those having a vested interest in the reduction of property taxes.

In order to develop a basis for an intelligent appraisal of the tax limitation proposals made in Illinois, the Illinois Tax Commission has gathered numerous statistics. All of the data collected indicate that the 1 per cent tax limitation plan is impractical and unsound. Its adoption will have disastrous effects upon governmental activity in Illinois amounting to chaos and the complete breakdown of many services in various sections of the state. In considering this tax limitation proposal, although we may be interested primarily in the effects upon governmental service, we should not close our eyes to the effects of the plan upon real estate values, a large proportion of which depend for their continuance upon the orderly performance of governmental functions. The advocates of tax limitation plans have too frequently overlooked the fact that the very property values which they hope to enhance by a reduction in the tax rate may be drastically reduced if public services must as a result of unwise legislation be materially curtailed.

Some of the effects of a 1 per cent tax limitation plan in Illinois may be observed from an analysis of existing tax rates. These rates range from less than $1.00 per hundred dollars of assessed valuation to slightly in excess of $8.00 per hundred dollars, or, in other words from 1 per cent to 8 per cent of the assessed valuation of property in the districts to which they apply. Although these rates are based upon assessments made at less than full value of property, it will be absolutely impossible to reduce the 8 per cent rates on depreciated values to 1 per cent rates on full value, as contemplated by the proponents of tax limitation legislation.

The advocates of 1 per cent legislation assume that if the tax rates throughout the state are scaled in accordance with their proposal, assessed valuations can be increased or forced up to the 100 per cent or full value standard. The experience of every state attempting this indicates not only that it is impossible, but that it has never been accomplished. Even assuming that full value assessments could be accomplished either by an Act of God or the one percenters, the plan is still too restrictive to provide sufficient funds for governmental service in many counties. This condition is fully illustrated by statistics of tax rates and assessments in the fifteen counties of Champaign, Crawford, DeKalb, Douglas, DuPage, Hancock, Iroquois, Jersey, JoDaviess, Kendall, Lake, Marion, McDonough, Moultrie and Sangamon.

COUNTY TAX RATES

The actual tax rates in these counties in 1933 ranged from 5.09 per cent of assessed valuations in Lake County and 4.97 per cent in DuPage County to 2.22 per cent in Hancock County. In 1932 the range of rates in the same group of counties was from 5.43 per cent in DuPage County and 5.34 per cent in Lake County to 2.58 per cent in McDonough County. When these actual rates, resting as they do upon depreciated assessments, are converted into full value equivalents, on the assumption that property is assessed at 100 per cent of its worth, the rates range from 1.04 per cent in Moultrie County to 1.90 per cent in Marion County for the year 1933 and from 1.27 per cent in Moultrie County to 2.1 per cent in Marion County for the year 1932. It must, of course, be recognized that the average county tax rate is totally inadequate to indicate the amount of reduction in tax rates that would need to be effected in order to bring the highest combination of rates within any prescribed limitation. Obviously, some portions of the county have much higher rates than other portions and the average fails completely to express the range; at best it can only be regarded as a first approximation to what can be looked upon as a maximum scaling necessary in the county.

Moreover, when the actual tax rates are translated into full value equivalents, only one of the fifteen counties in 1933 would have a rate approaching 1 per cent and no county in 1932 would have a rate below 1.25 per cent. In all cases the rates in 1932 and 1933 were above the 1 per cent level proposed by the advocates of the present plan. In thirteen counties in 1932 the rates ranged from 1 to 2 per cent and were in excess of 2 per cent in two counties.

Further light on the situation may be shed from examination of the township tax rates in the fifteen counties. In 512 townships only 35 average rates were less than 1½ per cent of the assessed values; 421 were from 1½ to 3½ per cent; and the balance (56) ranged up to 7 per cent of the assessment as their limit.

These figures show that the 1 per cent tax limitation plan would drastically curtail governmental activities of the local governments in these counties.

Most of the arguments in favor of a tax limitation plan not only have no factual basis, but rest instead upon a series of fallacious assumptions. In the first place, it is assumed that through the adoption of a tax-rate-limitation plan, assessments can be materially increased and forced to the full value standard. The evidence in every state with experience with tax limitation schemes indicates that full value assessments cannot be achieved by this method. The attainment of something approaching full value for assessment purposes is tedious and time-consuming. It requires diligent and rigorous administration, with the employment of methods none too popular in local communities. To assume that assessments can be raised to full value in a state where assessments are made by an army of fourteen hundred locally-elected assessors, each an authority unto himself, and working without adequate control or supervision by either county or state authorities, is, to say the very least, quite naive. Until the assessment machinery of the state is drastically reformed and assessments are made under centralized supervision, the same forces which now work for undervaluation will continue to do so. Competitive undervaluation cannot be eliminated by the threat of governmental bankruptcy or the impairment of public service brought about by the adoption of tax-rate-limitation schemes. Once the rates of taxation are limited, the same forces now advocating this plan can be expected to organize to prevent an increase in the level of assessments. First, these interests seek to cut tax rates; next they can be expected to organize to prevent any increase in assessed valuations. If improvement in the standard of assessments is the goal, it can be achieved only by improved and centralized administration of the assessment system. This the experience of American states has demonstrated.

The proponents of tax-limitation legislation assume that by the adoption of the tax-rate-limitation proposal the development of a new revenue program can be forced. This not only places the cart before the horse, but in Illinois it takes no account of the impossibility of securing adequate and thorough-going revenue reform until the archaic constitution of the state is completely modernized. Until a revenue-raising program is developed, tax-limitation plans should not be considered. After such a program has been adopted, a limitation measure will not be needed, for the burden on property should then automatically decrease. In no event should the cart be placed ahead of the horse. In Illinois the harness for a revenue system has not been prepared. Even the proponents of tax-limitation plans are not agreed as to the new taxes to be used for property tax reduction purposes.

TAXING INTANGIBLES

It is likewise assumed by the proponents of tax-limitation proposals that the adoption of this measure can bring about the taxation of intangible property at present rates. They ignore the experience of every state in attempting to tax intangible property. It has been demonstrated so often that it is not now even a matter of debate that intangibles cannot be taxed at the same rates prevailing for the taxation of real estate. In addition it is generally agreed among competent students of tax problems that intangibles should not be called upon to bear the same rates of taxation as are applied to real estate. The remedy for the escape of intangibles from the tax duplicate is not tax-rate limitation, but the adoption of a practical plan for the taxation of intangibles, either at lower effective rates than prevail for real estate, or their taxation upon an income basis.

The advocates of tax limitation proposals also assume that public expenditures will be so readjusted in conformity with the depleted revenues brought about by the tax limiters that marginal or least necessary activities will be first curtailed. The tax limiters also assume that governments will live within their restricted incomes instead of accumulating operating deficits to provide necessary and indispensable services, which deficits probably will later have to be funded and taken care of by bond issues. To assume that the least necessary activities will be first cut is to assume that tax limitation legislation is an adequate substitute for governmental budgeting. Experience has shown that the reduction of expenditures is to be brought about by proper planning of governmental budgets relating to need and desirability of public services. Expenditure reduction calls for the careful appraisal of governmental activities and should not be contingent upon the arbitrary curtailment of revenue. Those who seek to cut expenditures by limiting revenues have generally never interested themselves in governmental budgets. They have all too frequently been totally indifferent to the consequences wrought by their ill-considered cuts.

REDUCING EXPENDITURES

The time to reduce expenditures, if that is one of the objectives sought by this proposal, is when budgets are being prepared and expenditure programs developed and not without reference to them. When the advocates of tax-limitation legislation assume that public expenditures will be curtailed and that operating deficits will not be accumulated, they ignore the facts of experience and consequences brought about by the tax limitation laws in such states as Washington, Ohio, and Michigan, for example. If the Ohio experience proves anything, it demonstrates the futility of attempting to limit taxes without at the same time limiting the accumulation of debts. The debt burden in Ohio during the time the Smith 1 per cent law was in operation shifted to the backs of the taxpayers a debt burden of approximately $100,000,000. Moreover, from 1912 to 1922, the period within which Ohio was experimenting with a 1 per cent tax limitation law, taxes of counties and municipalities increased 96 per cent, rising from $1,158,000,000 to $2,277,000,000, while the indebtedness of counties and municipalities increased from $3,256,000,000 to $5,964,000,000.

To be sure the proponents of the amendment under consideration in Illinois have proposed a limitation on indebtedness based upon the "fair cash value" of property. It is proposed to limit the indebtedness of cities, towns and villages, including that now outstanding, to 12½ per cent of the fair cash value of the property within such subdivisions until the year 1940, when the limitation is to be reduced to 10 per cent. In rural areas—districts outside the corporate limits of cities, towns, and villages—indebtedness is to be limited to 10 per cent of the "fair cash value" of property until 1940 and to 8 per cent thereafter. No study has been made as to the effect of these limits on existing debts or on how the limits will affect the borrowing needs of various political subdivisions. Before any debt limits are fixed by statute or constitution, a thorough study of indebtedness in Illinois should be made. This phase of the problem the Tax Commission has not yet investigated. However, as a matter of principle the incorporation of debt limits in a constitution is objectionable. Long ago the debt restrictions governed by assessed valuations were found to be futile as a means of controlling the volume of debt, and were demonstrated to be an absurd measure of the need of borrowing or of ability to carry a debt load. The present proposal is based on "fair cash value" rather than on assessed valuations. Perhaps the assessments may be used to indicate the true values, or else the techniques in calculating assessment ratios may have to be used to regulate the issuance of debt obligations. In either case the volume of debt contracted will depend upon the work of administrative agencies, rather than upon legal stipulations. If administration is the key to debt control, more effective criteria can be established than property valuations. Total revenue receipts, for example, may be a better regulator than assessments and certainly more complicated formulae are even more superior. The primary difficulty with restriction by legal fiat, however, is that the rules are not capable of intelligent application or modification in difficult and absurd situations. All conditions are reduced to a single situation and all communities regardless of differences are required to conform to the limitations applied. In the present instance, slight differences are made between rural and urban communities, but the distinctions are not based on needs nor are they the result of investigations of borrowing requirements. Here again the plans have been drafted without reference to government needs.

MORE LOCAL GOVERNMENTS

One of the conditions produced by tax and debt limitation legislation has been the increase in the number of units of local government. In order to avoid the consequences of limitation plans, new units of government with separate tax and debt powers have constantly been created. Residents of Illinois need only recall the reasons for the creation of the sanitary district and the forest preserve district in Cook County to realize the force of this statement. While it is true that the proponents of tax limitation plans in Illinois seek to prevent the further multiplication of governmental units by the plan of creating "over-all" limitation, their plan does nothing to bring about the simplification of government or the coördination of existing units. Their plan assumes that overlapping units will be revamped and that marked improvement in simplification of local government will take place. This has not followed the adoption of tax limitation schemes in other states, and there is little reason to assume that it will happen in Illinois. The present overlapping character of local government in Illinois is one of the factors which necessitates careful inquiry into the effects of the pending proposal.

There are four conditions which have inevitably accompanied the adoption of tax rate limitation plans. In the first place, they have led to the accumulation of debts—to the accumulation of unpaid bills for services and to the accumulation of unpaid wages due governmental employees, as well as to an increase in funded debts. The floating obligations —unpaid bills and unpaid wages—are beyond the control of ordinary debt limits. So long as services are required and people have confidence in their governments these accumulations will continue in time of need. When the volume of the floating debts becomes sufficiently large the obligations are funded, reduced to judgment or otherwise acknowledged. Sooner or later they must be paid. When this condition is produced by tax limitation plans, all that is gained is higher future taxes. Nothing is gained by making it impossible for governments to defray current operating costs out of revenues currently collected. It is little wonder that limitation plans have generally ruined the market for short-term paper. Financial institutions cannot be expected to finance governmental operations when revenues are both drastically and unintelligently limited. It should be noted, too, that limitation plans have also brought about unsound budgeting.

Finally, in every case where tax limitation proposals have been adopted, they have brought about the discontinuance and an unintelligent curtailment of governmental activity. Instead of making it possible for government to function, tax limitation legislation has made it impossible for many units of government to perform any service whatever—in West Virginia, for example, many governments have been unable to provide any service whatever except upon a fee basis. In other cases, desirable and necessary services have been so drastically curtailed as even to destroy the incentive for the payment of taxes. Why should taxes be paid when governments

(Continued on Page 655)

A Cloud on the New York State Tax Horizon

Study of Conference of Mayors demonstrates that tax limitation proposal, if adopted, would impair or destroy necessary municipal services

ALBERT H. HALL

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A SERIOUS threat to the financial stability and integrity of New York State municipalities exists. It lies in the proposed amendment to Article 8 of the constitution limiting aggregate taxes on real property in the cities, villages, towns, school districts, special districts, and counties of the state to 2 per cent of the true value of real property in money, such limited taxes to cover operating expense as well as interest and principal on indebtedness in these municipal units.

This proposal first appeared in the New York State legislature in 1933 where it was introduced in both houses. In that year, it failed to emerge from committee in either house. In 1934 the same measure was presented again to both houses. It was passed by the senate, but was not reported by the assembly committee.

This over-all tax limitation is sponsored principally by real estate groups. The National Association of Real Estate Boards has been conspicuous in its efforts throughout the country to impose similar limitations in other states. The New York State Association of Real Estate Boards, sponsor and strong supporter of this measure in the legislature last year, has announced that it will again seek similar legislation in the 1936 session of the state legislature.

The Mayor's Conference, alarmed by these efforts to impose upon municipalities of the state a sweeping tax limitation of a type which has been generally discredited as to purpose and effect wherever tried, decided to make a study of the effect of the proposed amendment on the financial structure of every city and first and second class village in the state. This study showed clearly that the proposal, if adopted, would constitute an arbitrary and unreasonable financial limitation which would impair or destroy entirely essential municipal services.

THE STUDY—PROCEDURE

The proposed amendment provides that the amount hereafter to be raised by local tax on any taxable property for city, county, town, village, school district and/or other purpose, including payment of interest and principal on indebtedness as well as operating expense, shall not in the aggregate exceed in any one year 2 per cent of the true value of the property in money.

The term "true value of the property in money" is thus basic in the proposed amendment. However, no plan is set up or authorized in the bill for determining such "true value". Therefore, in this study it was necessary to use the only known criteria of property valuation standards in the state which are the rates of equalization for the various municipal units established by the New York State Department of Taxation and Finance. Assessed valuations of taxable local realty on which the 1935 equalization rates are based were obtained for every city and village in the state. The various local equalization rates were then applied to the specific local valuations raising them to 100 per cent or full value. The only exception to this procedure was in the case of New York City where officials indicated that in their opinion the present assessed valuation represents substantially full value.

It next was necessary to obtain for each city and village the amount of the 1935 tax levy. That year's tax levies for education, not appearing in regular city budgets, were obtained from local authorities and included in total tax levies where proper under the terms of the proposed amendment. Then it was necessary to determine the amount of real property tax which might be raised upon true value under the proposed amendment.

THE STUDY—FINDINGS

The following are the salient findings in the analyses described:

(1) If the proposed amendment were applied to 75 cities and villages, including the City of New York, it would be necessary to raise from some source other than the tax on real estate and exclusive of all other types of revenue now being received by these municipalities, the sum of $147,959,121. The tax deficit in 48 cities would amount to $147,344,798, while in 13 first class villages, it would amount to $411,277 and in 14 second class villages to $203,046. In other words, 75 cities and villages would have this year a tax deficit of about $148,000,000.

(2) If the proposed amendment were in effect in 79 other cities and villages, they could raise, in addition to their present tax on realty, a sum from this source amounting to $3,989,668. Twelve cities could raise from the tax on real estate $384,688, more than they now require from this source, while 39 first class villages could raise similarly the excess sum of $2,588,185 and 28 second class villages could raise $1,016,795. In these 79 cities and villages, therefore, the tax limitation proposal would make it possible to impose on realty a burden $4,000,000 greater than is now necessary.

(3) In 5 cities and villages, the amount available from the restricted general property tax would fall $230,786 short of meeting interest and principal requirements on 1935 debt. In 2 cities this amount would reach $104,458; in one first class village $83,873 and in two second class villages $42,455.

(4) In many municipalities, the amount available from the restricted general property tax after paying debt service and fixed charges would fall far short of meeting the cost of essential governmental services.

REASONS FOR OPPOSITION

Cities and villages in New York State oppose the adoption of such a tax limitation amendment for the following reasons:

(1) With existing debt and mandatory expenditures now required of municipalities by the state, many cities and some villages could not realize from this limited tax sufficient revenue with which to maintain absolutely essential municipal services. A staggering annual tax deficit of $148,000,000 which would cause curtailment or abandonment of many municipal services would result from the proposed amendment in 75 cities and villages. This is unquestionably a minimum annual deficit because tax rates in the cities of the state, exclusive of New York City, are the lowest since 1930 in spite of declining revenues and increased expenditures for welfare. Another factor which indicates

that tax rates are at a very low ebb is found in extensive refunding programs which are now lightening tax burdens, but which must be met in future tax levies. The extent of the minimum annual tax deficit problem which would be created by the amendment is indicated by the fact that the general 2 per cent retail sales tax proposed two years ago for the retirement of municipal debt would have yielded only $130,000,000.

(2) The absurd ineffectiveness of the proposed limitation amendment is demonstrated by the fact that it would not limit in many municipalities. Under its terms, 79 cities and villages could raise $4,000,000 more by taxes on real property than they now find necessary from this source to meet their governmental expenditures. *In one municipality the amendment would paralyze local government, in a neighboring community it would permit and encourage profligacy in municipal expenditures.*

(3) The proposed amendment would cause immediate defaults in the payment of bond principal and interest in five cities and villages, with no funds available for any of the operating expenses of these municipal units. It is well known that the credit of the largest city depends in some degree on the financial practices and conditions in even the smallest municipality. Even though a city's debt burden may be small and it is meeting its obligations completely, it cannot expect to retain its high credit standing if other cities around it go into default or become otherwise financially embarrassed. *In the view of some authorities, the proposed amendment, by causing municipal debt defaults, would violate Article I, Section 10, of the Constitution of the United States which provides that no state shall pass any law impairing the obligation of contracts.*

(4) The proposed restriction would ruin immediately in other ways the credit of all municipalities. A tax limitation should not in any way, as the proposed amendment does, impair the ability of local units to pay their debts including bonds, certificates, warrants, interest on debt, sinking fund requirements and judgments. The right to levy taxes to pay such obligations should be outside a tax limitation measure. This principle has been recognized by the federal government in all PWA loans made to municipalities by the requirement that in accepting a loan the municipality must agree to repay it from *unlimited ad valorem taxes.* Federal authorities have affirmed the principle in withdrawing PWA loans to the city of Cleveland, Ohio, because that city was laboring under a constitutional tax limitation which did not recognize the inviolability of municipal bonds.

(5) Similarly, a tax limitation act should not impair the ability of local units, as does the proposed restriction, to meet costs for certain other fixed charges and requirements such as mandatory expenses under old age pension laws, compensation and liability insurance, operation of sewage disposal plants, pension fund requirements and funds needed for public relief. The laws of the state of New York are replete with mandatory requirements affecting the operation of practically every municipal function and service. The proposed amendment would make it impossible for many municipalities to obtain the funds necessary to carry out these mandatory features of existing laws.

(6) The proposed amendment is seriously defective in three important respects:

(a) Under its terms, the proper determination of the "true value of property in money" is basic in the administration of the entire plan. The amendment offers no hint as to its meaning and sets up no machinery to determine "true" value. A vague reference is made to the fact that the legislature may, in its discretion, provide the method of ascertaining the "true" value of taxable real property. The amount of chaos such a condition might create can hardly be imagined. In a period like the present when assessed valuations are dropping, a municipality might be caught between the upper millstone of tax limitation and the nether millstone of a rapidly vanishing tax base. It is certain that the meaning of true value would be subjected to countless interpretations and that attempts to define it would provoke endless controversy.

(b) A similar source of controversy would be created by the failure of the amendment to make any provision for the definition of the term "independent" school district.

(c) One phase of the proposed amendment is completely contradictory and unworkable. It requires that payments on all debt contracted prior to the adoption of the amendment shall have a prior claim on receipts from the restricted general property tax, but renders it impossible in some cities and villages to raise enough taxes to meet the constitutional mandate.

(7) New York State already has a set of laws providing for reasonable tax limitations in cities and villages. These have been worked out by the state over a period of years, with some regard to the varying needs and abilities of different communities. If new or revised tax controls are desired, these existing tax limitations should serve as a basis for any new legislation. The constitution fixes a limitation for all cities having a population in excess of 100,000. Special statutes fix varying limitations for thirty-one of the remaining fifty-three cities. The general village law fixes a limitation for all villages.

(8) Tax limitation should be by *legislative act* and not by *constitutional amendment*. Once established, a constitutional provision is very difficult to change or repeal, and during a depression one cannot say what the needs will be in better days, what the ability of different classes to pay taxes will be, or what part of the expenses of government should come from property taxes. If the matter is left in the sphere of legislative action rather than placed rigidly in the fundamental law, changes can be made as conditions change.

(9) The proposed amendment would work an unusual hardship upon villages of the state. It provides that where taxable real property is located in a county outside a city, the tax shall be levied by such county authority or authorities as the legislature may provide. The county is thus made the tax-levying unit and presumably can determine the proportion of real property tax to be used for general village purposes and for all other purposes, including the use of the county. However, the county is not liable for any uncollected taxes. This division of authority in tax levying and collecting is most undesirable and the ambiguous position of the village in its tax relationship to the county would undoubtedly be productive of serious conflict.

(10) The proposed amendment advocates a blind and revolutionary change in the municipal revenue system of the state without suggesting any substitute for present revenue, gambling that other new taxes may be found or forced. Such gambling, particularly in New York State, is extremely dangerous. This state has shown a tendency to avail itself of many modern features of taxation in marked contrast to many states where the tax structure is obsolete and new taxes can be found or forced. Further, the state is operating with a large deficit which will probably receive first consideration in any new taxes imposed by the state. It is also well known that municipalities in this state have few possibilities of obtaining substantial revenues from new or revised taxes levied on objects within their corporate limits.

(11) Tax limitations hit local gov-

ernment hardest of all, and most directly as they render the service which mostly benefits property owners. Wherever such limitations are adopted, the state is usually forced to take over from the local units the financing and ultimately the control of certain services which are today locally administered. Locally, taxpayers favoring tax limitations need to make up their minds which functions they would be willing that the municipality surrender and have the state administer. In view of the existing state deficit and the prohibition in the amendment of any future direct state tax on realty, a grave financial problem would confront the state if it were forced to take over any municipal function on a large scale. The state fiscal problem in such an instance would be heightened by the fact that the amendment would deprive it of about $2,300,000 annually in state realty taxes now imposed to meet certain costs in connection with armories and courts and stenographers.

(12) Ample experience teaches that attempts to make violent, wholesale limitations without regard to varying local needs and abilities to pay result in hardships to local governments, and hence to the people themselves, which take long to repair. If the proposed amendment is adopted, the people of New York State may see schools, city and village halls closed and whole services abandoned, as happened in West Virginia, and as is threatened in Ohio and Michigan. These actions resulted from ill-considered, flat limitations, which allowed for practically no local variation.

CONCLUSION

The Mayor's Conference is impressed with the necessity of broadening the tax base so that improved realty may bear a more equitable share of the tax burden. However, the conference is convinced that to close the door ruthlessly on a large portion of the general property tax before even suggesting a replacing source of revenue, is a certain way to municipal financial suicide.

That the cities and villages of the state regard this point as vital in any consideration of drastic tax limitation proposals, was indicated by the action of the Advisory Committee of the Mayor's Conference in passing unanimously the following resolution at a meeting in New York City on October 7, 1935:

"WHEREAS, the proponents of tax limitation are proposing a constitutional amendment limiting over-all taxes on real property in municipal subdivisions of the state to 2 per cent of the true value of real property in money in these municipal units, such limited taxes to cover operating expense as well as interest and principal on bonded indebtedness, and

"WHEREAS, a study by the Mayor's Conference of the effect of this amendment on the fiscal structure of cities and villages of the state shows that it would result in a minimum annual tax deficit of $148,000,000, would in many municipalities impair or destroy entirely essential municipal services, and would also ruin the credit of all municipalities by removing guarantees of municipal bond inviolability now included in the constitution of the State of New York, Therefore be it

"RESOLVED, that the Advisory Committee of the New York State Conference of Mayors and Other Municipal Officials, meeting in the City of New York on October 7, 1935, favoring and granting every possible reduction in municipal budgetary items consistent with sound and adequate municipal service, call upon the principal proponents of this tax limitation proposal to suggest and recommend specific sources of replacing revenue to offset the deficit which would be occasioned by the proposed amendment."

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Legislative Proposals Last Year and This

Tax limit epidemic seems on the wane. Little legislation secured during past year

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SINCE the appearance of "Property Tax Limitation Laws", Publication No. 36 of the Public Administration Service, in February 1934, almost two years have elapsed. There has been no apparent relaxation in the grand offensive of the campaign to limit property taxes by means of constitutional prohibition. In this fact must be found the justification for the attempt to present in the following paragraphs the proposals for tax limitation that have been made, successfully or not, during 1934 and 1935.

The limitation offensive prior to 1934 had netted, during 1932 and 1933, constitutional overall limits in five states, namely Michigan (1.5 per cent), New Mexico (2 per cent), Ohio (1.0 per cent), Oklahoma (1.5 per cent), and West Virginia (0.5—2 per cent). The year 1932 also saw the adoption of statutory overall limits in Indiana (urban 1.5 per cent and rural 1 per cent) and Washington (4 per cent on a 50 per cent statutory assessment ratio). In proportion to the efforts made the batting average had been high. The record of seven states in two years for overall limitation, plus a number of specific or local restrictions, has not been maintained. A considerable number of proposals for both overall and selective limits have been offered since 1933; but the actual number of significant reductions is very small. The successes are, besides, partly offset by similar authorizations to levy for new purposes or to exceed established rate limits for old purposes.

In listing the proposals that have been acted on, adopted or rejected, since 1933, it is convenient to follow a natural though arbitrary division. A number of proposals were acted upon by the relatively few legislatures that were in session during 1934, an off year for regular legislative sessions. In the November election of 1934 a number of referred or initiated measures were voted upon. And, finally, during 1935, while most of the legislatures were in regular or special sessions, an avalanche of limitation proposals were offered and, for the most part, defeated. Recognition is here given to only such limitations as were intended and adapted to effect permanently material reductions in the property tax levies. Otherwise it would be necessary to include a great many measures which are really merely annual legislative determinations of state or local rates; and also to include a still larger number of administrative computations of the rates for counties and other municipal divisions.

Since most of the measures voted on since 1933 were defeated, it is unnecessary to present them in detail, or to describe the administrative machinery set up for them. Such a study can be made more profitably of the limits in effect prior to 1934, especially since none of the few measures adopted in 1934 or 1935 present any new administrative features.

While the enumeration below is probably accurate, as far as it goes, for the adopted measures, it is no doubt incomplete in that some of the proposals which failed to reach the stage of a legislative bill, or even some which reached this stage, were not reported. But this is no great loss. The picture here drawn is probably essentially accurate.

THE 1934 STATUTORY GRIST

At least four separate statutes were adopted in West Virginia to make the 1932 constitutional limit effective. However, these are not new, but merely supplementary to the 1932 amendment. Their meaning and effect may be learned from "Tax Limitation in West Virginia" by Professors John F. Sly and George A. Shipman of West Virginia University. A minor change affecting school district rates was made in Virginia. In the other direction were two measures permitting increased rates for schools in certain cities in Illinois. The 1934 legislation tax limit output was therefore extremely meagre.

The unsuccessful bills of 1934 were not very numerous or important. And as was to be expected, most of them arose in Ohio. At least three Ohio bills would have raised the rates that might be levied. At least four Ohio bills would have tinkered with the classification, changing the legislative assessment ratios for personal property, as provided under the 1931 constitutional amendment. Perhaps it was in desperation over this proposed tinkering that someone introduced a bill for a progressive capital levy at rates from 5 per cent on $50,000 to 100 per cent on any amount in excess of $1,000,000. An Iowa bill would have reduced the rate on realty. Rhode Island would have limited the rate on real estate to 1.5 per cent. Two separate New Jersey bills would have reduced the overall rate, progressively, to 2.5 per cent after 1940. And two New York measures provided a maximum of 2 per cent.

THE 1934 ELECTION

In Arkansas the voters approved a constitutional amendment of uncertain meaning preventing the legislature from raising any tax rate except upon approval by the legislature, or in emergencies by three-fourths of each house of the legislature. Washington moved its statutory 4 per cent limit (on a 50 per cent assessment ratio) into the constitution. The itemized maximum rates of this law are: state, 5 mills; county, 10 mills; school district, 10 mills; and cities or towns, 15 mills. Other districts are not affected. Oregon, in contrast, rejected a 15-mill constitutional limit (on a 50 per cent assessment ratio). Colorado rejected a constitutional amendment affecting the rates only in a minor degree. On the other hand, Louisiana approved a small increase for schools. The California so-called syncro-tax, an initiated measure which would have established a gross receipts tax and abolished practically all property taxes, did not appear on the ballot, owing to defects in the petition circulated for signature.

THE 1935 MEASURES

First in probable importance of these measures was the Georgia resolution to submit to the voters at the next regular election a proposed constitutional amendment which would limit the rate to 1.5 per cent and classify property as tangible and intangible for tax purposes. The other measures approved were of minor or emergency character. A Delaware act limited the county rate and discontinued the county levy for road purposes. In Illinois at least seven different measures liberalized the rates for certain cities or for named purposes, such as tuberculosis sanatoria or relief. The Indiana 1932 limitation law was amended in a minor feature; and the Kansas specific limit for third class cities was adjusted. Three Minnesota laws, restricting progressively the rates in certain villages, townships, and school districts, were passed over the governor's veto. A Nebraska act limited the rate of certain counties to four mills. Two Ohio proposals, defeated in 1934, were approved in 1935, one permitting cities by majority vote to levy outside the 10-mill limit for operation, and one authorizing municipal universities to levy similarly outside of the limit. Levies for school bonds were limited in Utah to 2 per cent of the outstanding bonds.

The proposals that failed were far more numerous. One bill in Utah would have limited the vote on property to 1.5 per cent. Two others would have repeated the constitutional restriction in the taxation of intangibles, which would have been unfortunate. A severe constitutional limit was unsuccessfully proposed in Ohio, namely that the present constitutional limit of 10 mills (reduced from 15 mills in 1933) be further reduced to 5 mills. It would not be a long step to propose the elimination of all property taxes in Ohio. Ten-mill constitutional limits were asked for in Texas, Nebraska (in three separate bills), Illinois (plus a $1,000 homestead exemption), Florida and Arizona (two bills). An Iowa measure would have made the constitutional maximum 1.5 per cent. One New York measure would have amended the constitution to abolish the state levy and limit the aggregate local levy to 2 per cent. A similar proposal was made to amend the constitution of Minnesota, while a different bill would have restricted the tax on intangibles at 1.2 per cent on full value. Constitutional limitations were also proposed in Maryland and Massachusetts. Three additional Massachusetts measures would have limited the rates permissible on real estate.

In New Jersey the 1934 proposal to limit the rate to 2.5 per cent was again defeated. So was another bill proposing a limit of 1 per cent for New Jersey. A statutory 10-mill limit was also proposed for Illinois, exclusive of levies for bonds and judgments. Two other Illinois bills would have vested in the tax commission the determination of the average necessary cost of government of cities and counties, and would have restrained the county clerk from extending taxes at a higher rate than necessary to meet this cost.

A Minnesota bill would have placed the limit at 37.5 mills (on a classified fractional assessment ratio). Another would make the maximum not over 50 per cent of the amount levied in 1931 payable in 1932. Two Ohio bills would have increased the percentage of affirmative votes necessary to authorize levies outside of the 10-mill limitation. Another would have required all such outside levies to be levied proportionately against all sources within each political division, an arrangement that would, as far as it went, have abolished the Ohio classification. It was proposed in Indiana to abolish the state rate and to limit the aggregate local rates beyond the present 10-15 mill limit. In Pennsylvania it was proposed to limit all millage rates.

But the bulk of unsuccessful proposals, as well as of the adopted ones, were of limited application, being restricted to particular classes of municipalities or classes of property. In this matter Illinois takes the lead, a fact which is competent evidence to show the unsuitableness of the Juul tax limit law, which for decades has obstructed public services in that state. One Illinois measure amending the law relating to limits on school levies was vetoed. Another would have reduced the levies for road and bridge purposes from 2.5 to 1.5 mills, and required a referendum for exceeding 1.5 mills. Still another was intended to reduce the maximum city and village tax rate by the amount of special tax for firemen's salaries. Two, on the other hand, would have exempted relief taxes from county tax limitations, and prohibited the county from maintaining an insane asylum.

At least two bills in Colorado were designed to adjust local tax levy limits, one of them by limiting the tax rate on personalty to 30 mills and distributing the proceeds to the taxing units. Kansas would have limited the county rates to 1.6—3 mills, graduated according to valuation. In Iowa it was sought to restrict the levies in special charter cities, and also to limit the rate on land for school purposes. At least one bill to limit Oregon's local levies failed of adoption. Four bills or more in Pennsylvania, designed to limit borough and school levies were rejected. The Utah legislature rejected a proposal to limit school levy rates to 15 mills. And, finally, Wisconsin turned down three or more bills amending various statutes relating to tax limitations.

It is certain that this list of bills does not include all proposals that would limit tax rates but failed of adoption. It does not, for example, include the Kansas proposal to impose a gross receipts tax, whose revenue would have rendered property taxes superfluous. It does not, in short, include measures that would reduce property taxes indirectly. And, of course, it does not include the multitudinous inchoate agitations that did not mature as far as the stage of legislative bills.

While no one knows or will probably ever know how many direct tax limitation proposals were actually offered in 1935, it seems that one hundred would be a fair estimate. The percentage of important proposals actually enacted is almost negligible. The fact that most of the measures reported died in committee, is significant. Is it a warranted conclusion that the tax limitation epidemic has lost its virulence, that legislatures have become immunized? If so, and if business conditions should continue to improve, it may be predicted that tax limitation activity will soon be directed toward getting rid of, or modifying, those limits already in existence.

THE LEAGUE'S BUSINESS

(Continued from Page 604)

hour for YOU AND YOUR GOVERNMENT programs), from the annual meeting of the League at Providence.

Other programs for the near future are:

November 12—"Who Owns Our Roadsides?" Harlean James, Executive Secretary, American Planning and Civic Association.

November 19—"Regional Planning—The T.V.A. An Example." Arthur E. Morgan, Chairman, Tennessee Valley Authority.

November 26—Dr. Dodds as mentioned above.

December 3—"Planning as a Municipal Function." George McAneny, President, Regional Plan Association.

December 10—"Planning as a State Function." Alfred Bettman, President, American Society of Planning.

December 17—"Re-locating the Isolated Settler." Walter A. Rowlands, Specialist in Land Economics, University of Wisconsin.

HOWARD P. JONES, *Secretary*

The Establishment of Satisfactory and Permanent State Welfare Departments

Development of local public welfare units, together with permanent grants-in-aid by the federal government, make necessary a better and stronger state supervision of welfare activities

FRANK BANE

Executive Director, Social Security Board

IN MANY states there have been recent indications of a growing awareness of the need for establishing welfare departments which meet the standards of adequacy and permanence. During the past biennium, commissions or committees have been established by the legislatures in several states, and in other states appointed by the governors, to survey the welfare situation and to make recommendations for legislative and administrative changes. To these efforts an impetus was added by the recommendations of the President's Committee on Economic Security and the expectation of the passage of the bill designed to put those recommendations into effect.

Consequently during the sessions of the forty-three legislatures in regular session and other special sessions called during 1935, a large number of bills were introduced seeking to reorganize state and local public welfare machinery or establish entirely new agencies for this purpose. The prevalence of this type of legislative proposal indicates a recognition of the responsibilities which needed to be met and a willingness to meet them both adequately and effectively.

Resulting from the large number of bills proposed was a sizeable number receiving favorable action. Consequently, we now have new agencies or considerably revised ones in Alabama, Arkansas, Colorado, Connecticut, Florida, Maryland, Montana, Nevada, New Hampshire, New Mexico, North Dakota, Oklahoma, Oregon, Rhode Island, South Dakota, Utah, Washington, West Virginia, and Wyoming. This is a heterogeneous group of state statutes representing all degrees of effectiveness, scope of duties, integration of state functions, and proper relationship to local units. Hence it is extremely difficult to classify these new agencies. Perhaps it is sufficient for our purpose to call attention to a few of the more significant developments.

Alabama has created a new State Department of Public Welfare which assumes the functions of the State Child Welfare Department and the State Relief Administration plus the responsibility of administering all public assistance funds in coöperation with the federal agencies. This new department consists of a board of seven members with overlapping terms, a commissioner to serve as executive officer for the department, and a staff. Within the department are created a Bureau of Family Welfare and Public Assistance, a Bureau of Child Welfare, a Bureau of Mental Hygiene, and such others as may be necessary. Associated with the State Department are county departments of public welfare with similar functions.

Wisconsin has recently enacted an

omnibus bill which includes provisions for state and local administration along with legislation for old age assistance, aid to dependent children, and other social security provisions.

The state of Washington has reorganized all state departments and created a State Department of Public Welfare with three divisions for relief, child welfare, and social security. Connecticut has integrated all existing state welfare agencies into a Public Welfare Council with a commissioner appointed by the governor to serve as executive officer. The new Florida Board of Social Welfare includes social security functions. Maryland has added new functions to the Board of State Aid and Charities which empower the board to coördinate, supervise and control all the welfare activities. These examples suffice to suggest the types of statutory provision for state welfare departments already enacted.

With final passage of the Social Security Act, the appointment of the Social Security Board, and the expectation of federal grants-in-aid after Congress appropriates money for this purpose in January, states are now most anxious to know what action is necessary to put them in a position to take full advantage of the Social Security Act. To some it is passage or revision of statutes relating to old age security, aid to dependent children, unemployment compensation, etc. To some it is also the establishment of sound administrative organization to meet the requirements of the federal act.

Perspective demands that the present opportunity be viewed in the light of its historical development. A long succession of state statutes has embodied the responsibility of government for maintaining a substantial minimum of community well-being: the poor laws, provisions for correction, for the care of the insane, and for custody of the aged. At first the mechanism for carrying out these provisions lay exclusively with the local authorities—commissioners of the poor, county jailers, keepers of county almshouses and poorhouses. It early became apparent, however, that there were advantages to the use of a larger administrative unit. There came the state hospitals for the insane, the state penitentiaries and reformatories, and, slowly, state control or supervision over certain locally administered functions—mothers' aid, blind pensions, children's institutions and agencies, etc. In recent years this has been accompanied by state aid. In time this tendency toward coöperative administrative activity reached out beyond the boundaries of the local and the state governments. With such provisions as those for vocational education and for maternity and infancy hygiene, and later for unemployment relief, the federal government, in a fiscal and supervisory function, entered the partnership. The importance of this trend, which united all three levels of government in a united attack upon problems of human misery, can hardly be over-estimated.

NEED INCREASES

It is unnecessary to state in any detail the vast increase in needs which has produced the present definite movement toward improvement of the state welfare organization. Never small even in pre-depression days, the volume of public welfare needs has increased by leaps and bounds in the past half-decade. In place of the two million unemployed in 1930, there were, in 1934, ten million.[1] In place of welfare needs costing, in prosperous days, perhaps seven and one-half million dollars per month,[2] federal relief expenditures alone have fluctuated up and down from $61,000,000 in January 1933 to $197,000,000 in January 1935, to $118,000,000 for August 1935.[3] It is difficult to estimate the effect of social changes so widespread. No one doubts, however, that we have not as yet felt the full effect of the depression in terms of mental and emotional disorders, behavior problems, and dependency and neglect of children. In the next few years we can expect a distinct increase in the need for hospital facilities for the insane, institutional provision for corrections, and placement facilities for dependent and neglected children. To meet these changes we shall need to make sure that we have satisfactory state welfare machinery.

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[1] The Need for Economic Security in the United States, Committee on Economic Security, Chart II.

[2] Eighty-nine millions per year, Leland, Simeon E., "Public Welfare Governmental Relationships: Federal, State, Local," *The Social Service Review,* Vol. VII, Number 3, September, 1934, p. 428.

PUBLIC WELFARE DEPARTMENT NECESSARY

The newer responsibilities lie, however, in the field of public assistance. The time has now come when the development of local public welfare units on the one hand, and permanent grants-in-aid by the federal government on the other, have established a clear necessity for better and stronger state supervision of local welfare activities. It is for this reason such states as have not yet established satisfactory state welfare machinery are rapidly moving toward that goal at this time.

What is needed in the way of satisfactory machinery is not difficult to describe. The forward-looking states have for almost a generation had such machinery. They will need only to strengthen and expand what they already know to be a satisfactory organizational structure. For the other states there are three major problems: the establishment of a central welfare authority coördinating the welfare activities of the state; the grant of sufficient powers to enable it to do a good supervisory job over state-wide local agencies; and safeguards to provide adequate personnel.

It is perfectly clear that every state should have a department of public welfare. It is not important that all these departments have an identical structure. The character of other state authorities, the state tradition of governmental forms, and the temper of the legislature in the given state—all these must be considered in selecting the type of organization to be used. In some states there is a preference for "the commissioner" form, a paid executive being selected by the governor and serving at his pleasure. In other states the legislature prefers to set up a "board" of public welfare, having an unpaid membership with official standing, selected by the governor, and having the power themselves to select a director of public welfare. There is no reason to believe that there is inherent virtue in either form.

On the other hand, however unimportant the structure, it is important that the state department of public welfare should have clearly defined, broad functions, with power to perform them adequately. Its functions are usually grouped under the headings: mental hygiene, child welfare, corrections, public assistance. Institutions, while sometimes cared for by a separate bureau or division, are frequently managed by the division in the same field—institutions for the insane under the mental hygiene division, correctional institutions under the division of corrections, children's institutions under the child welfare division.

It is quite clear that to do its work well the state department must have sole authority in its field. It is not to be expected that there will be satisfactory administration when the welfare functions are split up between half a dozen boards and commissions all with overlapping functions, mixed powers, and uncertain responsibilities. It cannot be too much emphasized that the new burdens will require, even more than the old did, a unified, central welfare authority.

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[3] FERA Releases Number 6296, August 10, 1935; and Number 6507, September 6, 1935.

In some states there is a characteristic weakness in the powers granted to the central state authority. The statutes are indefinite. They contain little safeguard against local incompetence and yet provide insufficient statutory resources for the maintenance of a sound supervisory tie. It is important that in the forthcoming legislation in such states the departments of public welfare be given definite supervisory power. With extensive federal grants-in-aid, there should be effective standard-setting and the correlative services by which the standards, once set, may be maintained. Nor should these supervisory powers be granted only in cases of state fiscal aid. They should cover the public welfare field in terms sufficiently broad to enable the state welfare department, without recourse to new legislation, to remedy clear abuses wherever they exist.

The states which have satisfactory state welfare departments know that to set up the department and to grant it sole and adequate supervisory powers is not enough. It is quite as important that the department have well equipped personnel. Nothing can discredit welfare organizations so swiftly as poor personnel safeguards. Experience has indicated that the best safeguards are an enlightened form and a rigid application of a merit service. Not only should this principle apply to the personnel of the state department, but also it should apply to the personnel of every local unit. Indeed, it is definitely agreed that when setting up a statutory provision for the local unit the state welfare department should be granted a definite check on local personnel.

It is fortunate that the trend toward the establishment of permanent and satisfactory state welfare departments had, prior to the depression, been well fixed in the governmental pattern of so many states. They have set precedents and developed principles upon which it should be possible to build, in the coming months, both wisely and well.

A CLOUD ON THE NEW YORK STATE TAX HORIZON

(Continued from Page 630)

The solution of the problem of broadening equitably the tax base calls for a coöperative adjustment of the whole tax structure so that needs and ability to pay may achieve a proper balance. Piecemeal attacks on the problem or drastic undermining of the structure to force hasty and ill-considered revisions, can lead only to fiscal chaos. The success of organized pressure groups in shifting their own tax inequities to the shoulders of others can be for them and the community at large only a temporary palliative for the widespread pains of tax maladjustment. The need is for a broad and unselfish approach to a vital problem of state and local government.

Difficulties in Developing State and Local Career Services

Do we run self government for the sake of the pay-roll? If not, the time has come to insist on a career service in spite of seeming obstacles

LUTHER GULICK

Director, Institute of Public Administration

BEFORE you scale a mountain you look it over from every face to see where the worst walls are, where there is loose rock, and to find if possible where there are cuts and rock formations which make the ascent possible. It is a good idea to approach governmental problems in the same way. We are interested in the "difficulties" not because we feel discouraged at the start, but because we can proceed more confidently and more safely when we know where the difficulties lie.

So that we may keep on the path, let us first define our terms. When we talk about developing "career service" in state and local government, we mean the transformation of the state and local appointive services so that public employment will become a life work, an honorable occupation which one normally takes up in youth with the expectation of advancement, and pursues until retirement. This is the objective.

What then are the difficulties in developing such career service in state and local government? Without attempting to make any very logical list, I think the following will serve as a good basis for discussion:

THE BARRIER OF PREJUDICE

First of all there is the difficult barrier of prejudice and fallacious thinking, deeply imbedded in public psychology, ideas carried over from the past into a period when they are no longer true. The Commission of Inquiry on Public Service Personnel paid its respects to these fallacies in striking fashion. You will remember the list, including the false notions that "to the victor *belong* the spoils," that "the duties of governmental employees are so plain and simple that men of intelligence can readily qualify themselves for their performance," that "charity begins on the public payroll," that "patronage is the price of democracy," and that "a thoroughly first-rate man in the public service . . . eats holes in our liberties." Did I say "ideas"? These aren't ideas. No one rises to present them with facts and logic. They are unthought emotional reactions. And that is why they come uncontrolled like gooseflesh into the political arena along with the rooster, the eagle, the donkey, and the elephant! This very fact that they are in the realm of public emotions makes them more difficult to eradicate. It is possible to explode a fallacy with logic but the danger is that it will continue to float around in gaseous form. What we need now is some well directed ridicule coupled with the prompt substitution of constructive ideas designed to sink down through informed opinion into the emotional structure of the public mind.

MISTAKEN LOCAL LOYALTY

The second great obstacle is mistaken local loyalty. Do we insist on gasoline, or sugar, or silk, or coal, or oranges that were found or produced within the confines of our local government? Do we expect to have our dentists, lawyers, engineers, newspapermen, pastors *all* come from the local bailiwick? Then what is the logic of building a Chinese wall about every town and county and state and saying that public employees shall be selected *only* from local residents? There is no use fooling ourselves; it will be impossible to develop a career system in local government without at the same time making way for freedom of transfer from place to place. Men and women of real ability, character, and ambition will not start on a career ladder that has but one rung.

Some of the employee organizations have opposed the elimination of residence requirements for fear that they would thereby lose their promotion rights through the importation of outsiders. There are two dangers in taking that position. First, there is the danger that it will be regarded by the public as an admission of inferiority on the part of the employees coupled with the desire to hang onto the public payroll even when this may mean inferior public service. And second, there is the danger that "local residence requirements" will be a boomerang, that they will stand in the way of promotion by making it impossible for qualified public servants to go on up the ladder in other cities, counties, and states. The removal of legal residence requirements and the opening of certain civil service examinations to qualified outsiders will not as a matter of fact bring on a great migration to and fro of public employees. Private business knows no "residence requirements," and yet there is not much shifting about, especially in the stable industries like the public utilities. The local resident naturally has the advantage in any employment, and the cost of travel is a further very great bar to migration.

There is one more argument, and then I am done with "local loyalty." That is the carpetbagger argument. Some good people say, "We don't want outsiders in our city hall. We want public employees who understand us and know our traditions." This argument makes me weep. It makes me weep not from sympathy for self-government, but because it mirrors such soft, confused thinking where we have a right to expect something better. Everybody knows that government has three kinds of work: executive, legislative, and judicial. Or to put it another way, there is the making of policies, the carrying out of policies, and the adjudication of disputes, public and private. The place where we need public servants who understand us, know our traditions, and represent us is, of course, in the legislative and elective posts where policy is determined; in the administrative posts we want skill and competence; and in adjudication we want men skilled in the law and in judging. Residence plays no part in the picture except in the policy-determining side. It is only muddy thinking that can carry this over into the appointive administrative work of the government, or into the judging for that matter.

Who are the true beneficiaries of this doctrine of "local residence"? Let's be honest. Are they not almost entirely made up of machine politicians, who count every public servant as a vote along with his cousins and his sisters and his aunts? Who count it a great loss if every vacancy cannot be filled by an active party worker? Who regard every promotion as a means of improving the vigor of the party machine? The organizations of public employees better think twice before they line up on any vital matter with their worst enemy. There is a wolf in that sheepskin.

LACK OF GROUP CONSCIOUSNESS OF PUBLIC SERVANTS

The third great obstacle in the development of career service in state and local government is the lack of professional group consciousness among the public servants as a whole. Progress is being made, but we still have a long way to go. The civil service and personnel officers, the city managers, the sanitary engineers, the highway engineers, the fiscal officers, the health officers, the teachers, the policemen and firemen, the housing officers, and various others have established excellent national associations and are developing each their own high standards of public service. But do they stop to remember that they are also part of a greater group which goes to make up the appointive public service as a whole? Do they realize that each group by itself is all but powerless to see adopted its own highest ideals except as part of a larger program which will demand the joint action of all? No professional group, be they teachers, or policemen, or engineers, or clerks, or social workers, can hope to achieve a permanent advance in the personnel standards of their little group, except as this is brought about as part of a general movement involving all groups. If we agree to tolerate bad standards, poor salaries, or the continuation of spoils in any area, the poison will spread. We all meet in the taxpayer's pocket and in the service of the same citizen. It's about time that we got over this "holier than thou" separatist idea and realized that any real advance of the American public service to a permanent new higher plane must come all along the line and include all groups supported directly or indirectly from public funds.

EMERGENCY PSYCHOLOGY

Emergency psychology is the fourth barrier to which I will refer. Everywhere you see statesmen, politicians, and administrators who say, "Oh, yes, we are for civil service, we are for the merit system, we are for careers in the public service. But this is an emergency." Then they proceed to violate every rule of good personnel administration. There have been some splendid exceptions as in the TVA and FCA which we should not fail to note. But the general rule has been to disregard personnel standards because of the emergency. Of course we need a speedier and more elastic civil service policy in an emergency, but this does not mean that we do not need just as high personnel standards. I don't think that the established civil service administrations are faultless in this situation, but I do think that they could have been brought to adapt their rules and procedures to meet the requirements. But whatever has been done in the past, the time has now come to call off the emergency argument and the emergency psychology and remake our personnel policies on a sounder and more permanent basis. We all thought that the recent Congress was going to take the leadership in this direction. Excellent bills were considered and reported out by committee. The President and the United States Civil Service Commission were back of them. But all were lost in the great drive. I think, however, that we may confidently look forward to the time in the near future when the American people will put these on the "must" program.

BACKWARD PERSONNEL ADMINISTRATION

The fifth great obstacle is backward public personnel administration. Are the men who now administer personnel ready with the administrative devices and leadership to open up the way for career service in state and local government? On this point New Jersey, Massachusetts, New York, Ohio, and California have something to say. The Canadian provinces have been doing some hard thinking too. Obviously there can be no career service, no merit system, without personnel departments and personnel officers to handle the administrative features. In the smaller units it is not possible to set up any elaborate machinery. Therefore they will have to receive their personnel service in so far as selection is concerned through the state department, or through the help of some nearby city or county unit and through the joint use of eligible lists. Where suitable action is not taken by the state, it would be entirely feasible for a league of cities to offer its services. This is especially true of post-entry training. In the development of career services for state and local government the existing associations of public officials can be of great assistance, especially in building professional group solidarity and in the establishing of standards.

In the field of education, local administration and state personnel standards have been combined to produce a career service in considerable measure through the use of "certification." May this not be an excellent policy to follow in other fields of local public service? It will require the coöperation of the professional associations and of the educational institutions. But under present conditions this should not be difficult to arrange with proper leadership from the state personnel department.

Every career has its apprenticeship period. This is true of young doctors, lawyers, and bankers no less than of carpenters, paperhangers, and plumbers. It follows that the public service must also be regarded as needing its apprenticeship period, a period which cannot be hurdled through any kind of special training or cramming for examinations. If we are to have apprenticeship in the public service there are two obvious requirements: first, definite provision for a steady stream of apprentices under a supervised educational plan; and, second, sufficient patience on the part of department heads and personnel officers so that they will recognize that the newest employees, at the foot of each career ladder, are really "in training" and not as yet "in service" and are to be handled and supervised accordingly. This idea is almost universal in private business; why should it be difficult to bring about its establishment in public business? Where it has already been tried, as in the city manager cities, it has been successful. The universities are eager to coöperate and scores of the best men and women, as they finish school and college, are more than ready to enter at little or no salary provided only there is future opportunity.

While department heads and budget directors will have to be brought into line, development of apprenticeship within the public service rests peculiarly with the personnel administrators, because future personnel is their problem.

THE OTHER BARRIERS

There are many other difficulties in the development of career services in state and local government. There are laws, there are rules and regulations, there are long established administrative customs which do not contemplate careers. There is the problem of finance, and the underlying problem of the proper organization of state and local government. I do not mean to say that these are not difficulties. They are. But in my judgment they are all subordinate to and dependent upon the major difficulties mentioned. With its present tasks American democracy will not be fit to survive if it continues to pursue its past notorious personnel policies. We don't run self-government for the sake of the payroll but for the sake of the service. What we now need is not patronage for the politician, not jobs for the needy, but careers for the capable and ambitious.

EDITOR'S NOTE.—Address delivered September 27, 1935, before the Civil Service Assembly of the United States and Canada.

NEWS OF THE MONTH

NOTES AND EVENTS

Edited by H. M. Olmsted

Council Manager Cities Increase Rapidly.—Approval of city manager government by popular vote in thirteen cities, between January 1 and October 15, with three counties and other cities deciding the question in fall elections, constitutes a new year's record of adoption, according to the *City Managers' News Letter,* issued by the International City Managers' Association. A total of 462 cities and counties are now under the plan.

Compared with last year, 1935 has already bettered the record by six and the total adoptions for 1933 by three. Nearly one in every five cities of over ten thousand population in the United States is now a "manager city."

The latest city to adopt the plan is Saginaw, Michigan, population 80,715, which voted on the question October 14 (see note following). In addition to cities and counties already reported, Saratoga Springs, N. Y., will vote on a city manager charter November 5; Robbinsdale, Minn., December 3.

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Saginaw, Mich., Adopts the Manager Plan.—By a vote of 4,701 to 4,375, Saginaw, Michigan, on October 14 adopted the city manager form of government in place of its present commission charter.

The campaign for the adoption of the new charter was led by the League of Women Voters, which has worked many years toward this goal, together with the Citizens' Protective League, organized last spring against rising real estate assessments.

Among the outstanding features of the new charter are provisions for a complete separation of the legislative and administrative functions of the city's government; establishment of a merit system for city employees, all appointments to be based on fitness, training, and experience; a common-sense system of purchasing; and simplification of budgeting methods. A novel provision is that for the establishment of a bureau of public information and complaint, where the citizen may report his criticism of any of the city's services —a provision for direct and easily accessible contact between the citizen and his local government.

Nine councilmen will be elected on December 2, taking office on January 6 when the new charter will go into effect. Their first duty will be the appointment of a city manager to undertake the administrative affairs of the new government.

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Advances in Personnel Administration.—Two new measures designed to improve administration with regard to local governmental personnel in California and in Hamilton County, Ohio, are seen as an advance in civil service by G. Lyle Belsley, executive director of the Civil Service Assembly, who describes them in the news letter of the association.

Through an act passed by the last legislature, all California cities, which may henceforth adopt by ordinance any type of personnel system, are permitted to contract with any other city or county, or with a state department, for the rendering of any kind of personnel service. This makes it possible for a jurisdiction lacking sufficient funds for establishing and properly administering its own central personnel agency, to use the services of agencies already established and properly staffed. Closer coördination of the activities of public personnel agencies within the state is expected as a result of this measure, Mr. Belsley comments.

The legislative body of the city may designate the establishments and positions coming within the scope of the ordinance and may add others later. It may not remove establishments or provisions from the scope of the ordinance unless two-thirds of the qualified electors vote approval at the regular or special municipal election.

Electors of Hamilton County, voting in November on the adoption of a county-executive charter, will find a provision on personnel anticipating the transfer of employees from one governmental jurisdiction to another through the plan for uniformly classifying positions at all governmental levels. This would make it possible for an employee to enter governmental service in one jurisdiction in the area, and if qualified, to be transferred and promoted to positions in other jurisdictions in the same area.

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Studying Municipal Financial Problems in New York State.—The officers and advisory committee of the New York State Conference of Mayors have been holding a series of four meetings in various cities of that state for the purpose of studying thoroughly and comprehensively the financial problems of cities and villages, including revenues, expenditures, debts, and taxation. Two meetings have been held; there will be one on November 15 at Rochester and one on December 9 at Syracuse.

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Local Government Legislation in California, 1935.—A number of measures affecting local government were included among the 733 new laws which became effective in California September 15. The more important include:

A new act authorizes the establishment of civil service systems in cities. Councils may provide for the appointment of a civil service commission or a personnel officer. (Calif. Stats., 1935, chapter 48.) See also "Advances in Personnel Administration" above.

Counties, cities and counties, cities, political subdivisions, and special districts are required to furnish the department of finance detailed reports concerning their bonded indebtedness and supplementary reports within thirty days after further authorizations or sales. (Chapter 82). A new act provides that cities must furnish summary financial statements to the state controller within ninety days after the close of each fiscal year. Minimum requirements of the law are to be supplemented as required by the state controller. (Chapter 443.)

Assembly constitutional amendment no. 3 enables any county having within its territorial boundaries one or more incorporated cities or towns to frame a charter for a consolidated city and county government. This proposed amendment deletes the present requirement allowing only counties organized under general laws and having a population of more than 200,000 in 1910 to consolidate with cities. No consolidation may become effective without a favorable majority vote in each incorporated unit as well as in the unincorporated territory. (Art. XI, sec. 7½).

Another proposed amendment provides for a vote on whether or not a charter should be framed by a board of freeholders. If affirmative, the candidates for the board may then be elected. The legislative body instead of the board of freeholders may frame a charter and submit it to the electors. (A. C. A. 58, Art. XI, sec. 8).

Victoria Schuck

Stanford University

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Precautions Against Traffic Deaths.—In view of the increasing number of traffic casualties there is obvious need for more traffic safety programs—for the enlightenment of both citizen and police officer. According to the *Police Chiefs' News Letter,* published by the International Association of Chiefs of Police, one police training school just held emphasized traffic safety, and another will give careful attention to it. For the third year the Traffic Officers' Training School was held under the joint auspices of Northwestern University and traffic division of the Evanston, Illinois, police department. It ran from October 21 to November 1, with two instruction periods per day and a curriculum confined to "strictly practical aspects of traffic control and accident prevention."

"Through the organization of the Public Safety Institute," says a recent announcement, "Purdue University is endeavoring to coördinate a number of activities now being carried on in the interest of safety. . . ." The Institute will carry on at Purdue and other important centers in Indiana a campaign to impress upon the public the need for greater safety through regular police channels. Not only will traffic be considered but police protection and researches in science and technology of police administration as well. Frank M. Kreml, director of the bureau of accident prevention of the Evanston police department, has been granted a six-months' leave of absence to be on the staff of the Institute.

The *United States Municipal News,* bulletin of the American Municipal Association and the United States Conference of Mayors, reports that New York and Chicago are instituting courses in automobile driving in their high schools this year. High schools of West Hartford, Connecticut, Evanston, Illinois, and Spokane, Washington, are among other schools which now have courses in automobile driving. The state of New Hampshire, which tried an elective course in automobile driving last year in fifty-seven high schools and academies in the state, this year is making the course compulsory. Motion pictures and talks by police, court officials, garage mechanics, and doctors are used in the instruction. Several cities in New Jersey are contemplating adding driving courses to their curriculums.

The same news bulletin reports that municipal licensing of auto drivers as a traffic safeguard is gaining recruits among cities. Miami, Fla., and St. Louis, Mo., are the two most recently adopting driver's license ordinances. This is a second try in both cases, previous attempts having been declared invalid or repealed.

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National Civil Service Exemptions Threaten State and Municipal Efficiency.—Continued exemption of governmental positions from civil service regulations "is a concession to the exponents of the spoils system" and constitutes "neglect or refusal to promote the efficiency of government." These statements were embodied in a resolution which climaxed the twenty-seventh annual meeting of the Civil Service Assembly, held recently in Milwaukee.

Evidence was produced during the assembly sessions that the exemption of positions in federal government service "either by legislative enactment or executive order" was having adverse effects on local civil service administration. A. O. Allgeyer, secretary of the City Civil Service Commission of Buffalo, N. Y., reported that approximately 1600 "white-collar" relief workers had been added to Buffalo's payrolls and were occupying positions that should normally be filled through civil service appointment.

Although it was agreed that if desirable such evils might be at least partially corrected through a central agency such as the Civil Service Assembly, there was evidence that betterments in public personnel administration could be secured locally, provided professional and civic groups joined in the effort. William Brownrigg, executive officer of the State Personnel Board of California, reported on the effectiveness of the California constitutional amendment governing the merit system of appointment to public office in that state. The amendment was passed by a direct vote of the people during the past year, and already more than 20,000 state employee positions have been put under civil service regulations.

*

New York City Contemplates Re-zoning.—The City Club of New York, with the cooperation of other civic organizations, has called upon Mayor LaGuardia to appoint a zoning commission to foster an immediate and drastic revision of the zoning ordinance of that city, which pioneered in that method of controlling the use of private land. The mayor replied, "I quite agree with you that the building zone resolution of the city needs revision. . . . The committee on city planning has gathered some basic facts which will be further refined during the coming year. I believe these facts should provide the basis for a detailed revision of the zoning resolution." According to the *City Club Bulletin* the club "will not relax its vigilance until zoning restrictions (?), which permit the city to accommodate 77,000,000 residents and 340,000,000 workers, have been revised in the interest of sound city planning."

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Municipal Electric Plant Managers Confer with Rural Electrification Administration.—Managers of municipal power plants will hold a conference in Kansas City, Missouri and Kansas, on November 7 and 8, which will be attended by representatives of the Rural Electrification Administration, the REA announced today.

While the primary purpose of the conference is to bring together municipal plant managers and operators for discussion of their common technical and operating problems, attention will also be paid to the possibilities of collaboration between the plants and REA. Over six hundred municipally-owned plants, or more than a third of the total number, have already extended their lines beyond the city limits and many more have expressed interest in rural electrification throughout their trading areas.

COUNTY AND TOWNSHIP GOVERNMENT

Edited by Paul W. Wager

Georgia—Limitation of Ad Valorem Tax in Prospect.— The last session of the legislature provided for the submission to the electorate of a constitutional amendment limiting the overall ad valorem property tax to 15 mills (excepting rates levied or to be levied for bonded indebtedness); the schools, the city government, and the county would each be allowed a maximum 5-mill levy. Intangibles would pay only 5 mills for all purposes. If the limitation is adopted it is estimated that the loss to local governments, which now perform nearly all services (as the state sorely neglects its duties), would be about $23,000,000 a year. This would necessitate the discontinuance of many local services unless their cost were assumed by the states, which is not likely to be the case.

It should be noted that the state of Georgia does not make or limit assessments, so counties might offset some part of the loss by raising assessments. At present assessments probably range from 25 to 80 per cent of true value from county to county, and overall rates at present range from 7 to 50 mills. The Governor has promised to call an extra session to write a new tax law immediately following the 1936 election if the proposed amendment is adopted. The Association of County Commissioners has appointed a committee to work on a tax program and also to make a study of the cost and value of services now being rendered by local agencies.

A reimbursement bill assuring a refund to the counties of twenty-five million dollars expended on the state highway system (on the assumption that the state would repay the amount) passed the general assembly but was vetoed by the Governor. The county officers will renew efforts to pass the bill at the next session of the legislature. The state attorney says the obligation will be paid, and a lower court refused to enjoin the state payment of the certificates. The case is now before the Supreme Court.

J. Thomas Askew

University of Georgia

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North Carolina—A Laboratory of Government.— A grant of $55,498 by the Public Works Administration to the North Carolina Institute of Government, headed by University Professor Albert Coates, has virtually assured the erection in Chapel Hill of a building to serve as the organization's permanent home and laboratory.

According to the Institute's plans, the edifice will be used for courses of instruction for state officials, to house exhibits and reference materials for public information, and to serve generally as a clearing house for information on effective and efficient government. Into it will go the newest and most effective methods and practices being developed in public offices in North Carolina and other states.

An example of the great public support of the Institute's unique program is the fact that building supply dealers of the state have already pledged the major portion of the materials for the structure. The government's grant is 55 per cent of the cost of the project, and it is estimated that the total cost of the new home will be $123,000.

In outlining the purpose and value of the laboratory, Mr. Coates says: "We have in North Carolina one hundred counties and four hundred towns, all of them doing similar things each in its own way. New and improved methods and practices are constantly arising out of the initiative, energy, and resourcefulness of public officials. To the units making them they are worth their weight in gold. To other units they could be worth the same.

"To the Institute of Government laboratory successive generations of public officials, private citizens, and the youth of North Carolina may come to see demonstrated in one place the governmental methods and practices they would now have to go hundreds of places to find. These methods and practices, brought together in demonstrable form, will lay the foundation on which we can work toward a uniformity of governmental standards and lift the poorest practices to the level of the best."

Work of the Institute at present includes the publication of a monthly magazine, "Popular Government," the preparation of legislative bulletins, guidebooks for officials, discussion programs for citizens, and supplementary materials for the schools on the actual workings of government.

Paul W. Wager
University of North Carolina

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New York State—County Home Rule Amendment.—As this issue of the Review was going to press, those interested in the passage of the county home rule amendment in New York State were optimistic over the chances for approval of the amendment by the voters November 5. A state-wide nonpartisan citizen's committee was organized for support of the amendment, with Governor Herbert H. Lehman as honorary chairman of the committee, Richard S. Childs, New York City chairman, Howard P. Jones, New York City secretary, Joseph A. McGuinies, up-state chairman, and Frank C. Moore, up-state secretary. No visible opposition to the amendment had appeared anywhere except within the ranks of Tammany Hall and it was anticipated that Al Smith's support of the amendment would split the Tammany vote.

The amendment requires the legislature to set up optional forms of county government and removes constitutional restrictions that have hitherto prevented reorganization of county and local government in New York State.

H. P. J.

TAXATION AND GOVERNMENT

Edited by Wade S. Smith

Sales Tax Repealed in New Jersey.—Governor Hoffman of New Jersey, facing almost certain defeat of his revenue program, called a special session of the legislature in October which promptly passed a bill repealing the sales tax law. The call for the special session followed demands from the Clean Government bloc of the Republican party in Essex County, led by Rev. Lester H. Clee, speaker of the assembly and candidate for election to the state senate, that the session be held at once.

The Governor used red ink to affix his signature to the bill because, he said, it meant an unbalanced state budget and possibly "hungry people."

Repeal of the sales tax has been the dominant issue in one of the most vigorous campaigns the state has seen for some time. Led by Clee, the Clean Government group demanded that emergency relief financing be accomplished by economies. It is believed that the governor will agree to divert other state funds to aid the unemployed pending a survey to be made by a budget advisory group.

*

Ohio Organizes Against Tax Limitation.—Fearing still more serious consequences from the stringent tax limitation law affecting Ohio local governments, county, city, and township officials recently met at Columbus to secure organized efforts to overcome the law's effect. They formed the Ohio Association of County, Municipal, and Township Governments.

The state has been divided into four parts with a chairman for each section.

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"Who Spends the County's Money?"—Under this heading, the bulletin of the Western Pennsylvania Branch of the National Economy League reports a *Blairsville Dispatch* article calling attention to the large proportion of county expenditures which are mandatory under Pennsylvania laws and beyond the control of the county commissioners.

The story is one familiar to those in touch with the devious ways of most of our county governments. It is cited here merely for its concluding admonition:

"Get yourself a copy of the (county) audit and look at the total paid out. . . You can obtain a copy at the courthouse. Examine it. Check each item. Read the laws governing these expenditures."

This is advice that ought to be given, frequently and prominently, by every newspaper in every political unit in the country. Taxpayers' organizations, governmental research bureaus, civic leagues, all know why taxes are high; the man in the street knows only that they are high. Familiarity of the voter with the financial documents of the political units in which he lives will go far in securing the legislative action which is generally needed to accomplish any substantial or lasting economies.

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Los Angeles County Costs Up.— Los Angeles County (California) government increased the amount it will take from its taxpayers in county taxes by $917,590 or 3.9 per cent, according to a study recently completed by the California Taxpayers' Association.

Studying forty-six California counties, the association found that only three, Mendocino, Modoc, and Sutter, showed actual reductions in their tax demands. The city and county of San Francisco reduced its tax demands for general purposes, but increased its tax rate for schools. In the remainder of the counties net demands to the taxpayers increased, because of decreased rates offset by higher assessed valuations.

The average increase in tax levies in the forty-five counties and the city and county of San Francisco was 4.7 per cent. However, excluding Los Angeles County and San Francisco, the average increase for the other forty-four counties was 14.1 per cent.

It is interesting to note that forecasts based on preliminary budget figures, according to the association, indicated the increase in county tax demands might have averaged as high as 21 per cent. The difference represents the actual efforts of boards of supervisors to reduce county costs and, in a measure, the protests of taxpayers against heavier burdens.

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Commission on Conflicting Taxation Reports.—In a general report, the Interstate Commission on Conflicting Taxation finds that federal and state governments are tapping the same tax base as sources of revenue in more than eight hundred instances. The report, prepared by James W. Martin, research director for the commission, is summarized as follows:

> Though many of the bases subject to federal-state duplication are insignificant from the standpoint of revenue yield, at least seven of them are relied upon by each unit of government as major sources of income: the personal income tax, the corporation income tax, inheritance and estate taxes, taxes on admissions to amusement places, tobacco tax, alcoholic beverage taxes and the gasoline tax.

Although the federal government "suffers comparatively less from the present lack of orderliness in inter-governmental fiscal relations than do the states and their subdivisions," the report points out, it has a "vital interest in conserving the yield" of these common tax sources principally because "the states and their subdivisions are at liberty to seize upon types of taxes which they are not as well fitted to administer as is the federal government" and because "in the case of many taxes there is a point beyond which the rate cannot be raised without diminishing the yield."

Under the present system of "independent and competitive utilization of the same types of taxes by both the federal government and the states, there is no possibility of exercising any effective control over the burden of taxation on bases which are shared in common."

Not only do states "suffer from the fiscal individualism of the federal government," the report continues, "they suffer also from their own individualism in their relations with each other. Each state reaches out to tax as much as it can legally regardless of the fact that what is legally permissible may be equivalent to extra-territorial taxation."

Other victims of this "extreme fiscal separatism" the report points out, are the municipalities and other governmental units. "As creatures of the states," it says, "they are limited to such revenue sources as the states prescribe for them. Their only considerable revenue source is the general property tax," which, it is emphasized, "has been squeezed dry."

Out of this general situation of tax duplication and conflict five major evils appear:

> Tax competition between the federal government and the states, which makes it difficult for the states to raise needed revenues or to adopt new financial programs until they know what the federal government will do;
>
> Interstate tax competition, which makes it difficult for a single state to adopt certain new forms of taxation, or, in the case of already existing levies, to impose socially desirable rates unless competing states take similar action;
>
> Overlapping and conflicting state claims to taxing jurisdictions, which result in double taxation of an inequitable nature;
>
> The avoidance of certain types of state taxation, such as sales taxes, under the

> protection of the interstate commerce clause; and
>
> Uneconomic division of tax-administering functions, which results in excessive costs, bootlegging and tax evasion.

To eliminate tax conflicts the report cites four major proposals which have been "most vigorously urged":

> First, centralization, or the "federal administration of taxes subject to uneconomic administrative duplication coupled with federal grants-in-aid, national administration with state sharing, and state additions or supplements to nationally administered taxes";
>
> Second, federal credits, whereby "when both the federal government and the states impose similar taxes, amounts paid under the state tax would be allowed as an offset against the taxpayer's liability under the federal tax up to a specified percentage of the liability";
>
> Third, segregation, wherein complete or partial separation of the tax field would be secured through the assignment of certain types of taxes exclusively to the federal government and of certain other types of taxes exclusively to the states; and
>
> Fourth, inter-governmental comity, to be made effective through interstate reciprocity and retaliation, and promotion of uniform state laws and administrative methods.

The report examines each of these major avenues of tax-conflict correction at length, supplementing its findings with tables showing past yields of the various types of taxation and possible yields under the palliative proposals.

*

Cities and the Manufacturers' Tax.—Legislation exempting municipalities from payment of the federal manufacturers' tax became effective October 1. It was sponsored by the United States Conference of Mayors and the American Municipal Association. Cities previously paid this tax unless they proved purchases to be for essential governmental functions; and their purchases for parks, playgrounds, airports, wharves, docks, warehouses, cemeteries, water works, lighting plants, railways, and bus lines bore the tax heretofore.

*

WPA Funds Aid Assessors.—Facts assessors and other tax officials have wished to know about their cities but never had the time or money to find out are being brought to light with WPA aid in a number of cities, according to the *Assessors News-Letter* issued by the National Association of Tax Assessing Officers. This federal aid is being used to effect improvements in assessment methods in many places.

Pennsylvania has gone in for map-making projects. Lehighton, Downingtown, Phoenixville, Lansdowne, Wilkes-Barre, Haverford, Parkesburg, Ridley Park, Springfield, Edgeworth, and the counties of Delaware and Chester have had applications for this purpose approved.

Mansfield, Ohio, has a project to correct and bring tax maps up to date. Wheeling, W. Va., is making a map of all city property, and Kanawaha County, W. Va., a card index system for the assessor's office.

Hartford, Conn., is undertaking a reassessment and installation of a modern assessment system. Washington, D. C., is compiling and indexing old records in the assessor's office. Portland, Ore., is making an appraisal of public dock properties. New York City is making an investigation of real property exemptions and inequalities, while Indianapolis, Ind., is making a survey of all taxable buildings for the collection of appraisal data. South Bend and Mishawaka, both in Indiana, have applications approved for comprehensive real property surveys. In Ohio, Cincinnati is compiling a listing of special assessments since 1920, to ferret out the reason for delinquencies. Hamilton County is engaged in a land use survey, to include maps and land classification, while Cleveland is making surveys of family movements in 1934 and the use of thoroughfares to show trends and effects on property values.

Among proposed projects of larger size are the tax assessment and land surveys for the entire states of Arkansas and Michigan and the project submitted by the city of Ashland, Ky., covering a real estate survey of the entire city, which is to include a scientific assessment of all real estate and improvements, plus a revision of the city maps and photographs of all improvements.

PROPORTIONAL REPRESENTATION

Edited by George H. Hallett, Jr.

Two Systems in Alberta.— We are now in possession of more complete figures for the Alberta provincial elections referred to in this department last month and reproduce some of them here to illustrate further the contrast between the distortions of the single-member district system used in the country districts and the complete fairness of the P. R. system used in the two largest cities.

In the single-member districts the alternative vote or Hare system of majority preferential voting was used. This insured a true majority verdict in each district instead of a plurality but actually in this election it made no difference in the result—the candidate who would have won in an ordinary plurality election won in every case, usually with a clear majority of first choices. There was no representation for the often substantial minorities. How badly this distorted the representation of the province outside the two P. R. districts is shown by the following table, based on figures in the *Edmonton Journal* of August 26, 1935.

ALBERTA LEGISLATIVE ASSEMBLY

(Whole Assembly Except Members from Calgary and Edmonton)

PARTY	FIRST-CHOICE VOTES	MEMBERS ELECTED	MEMBERS IN PROPORTION TO VOTES
Social Credit	123,545	50	28.7
Liberal	47,052	1	10.9
United Farmers of Alberta	30,576	0	7.1
Conservative	8,644	0	2.
Labour	2,073	0	.5
Others	7,771	0	1.8
..	219,661	51	51

Contrast this with the official results in the two principal cities under the Hare system of proportional representation, applied to each city as a single six-member district.[1]

PARTY	FIRST-CHOICE VOTES	MEMBERS ELECTED	MEMBERS IN PROPORTION TO VOTES
	CALGARY MEMBERS		
Social Credit	24,079	4	3.5
Liberal	8,000	1	1.2
Conservative	5,505	1	.8
Labour	1,869	0	.3
Independent and Communist	1,740	0	.2
..	41,193	6	6.
	EDMONTON MEMBERS		
Liberal	14,033	3	2.3
Social Credit	13,853	2	2.2
Conservative	4,820	1	.8
United Farmers	2,092	0	.3
Labour	1,373	0	.2
Communist	1,096	0	.2
..	37,267	6	6.

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[1] We are indebted for the figures in these two tables to Mr. John D. Hunt, Clerk of the Executive Council, who is retiring at the age of 77 after a notable career of public service. Mr. Hunt is an authority on P. R., in which he has long been a firm believer.

Eighty-two per cent of those who cast valid ballots in Calgary, and eighty per cent in Edmonton, helped elect candidates for whom they had voted. These included, of course, many of those whose first choices were for candidates of parties with too little support to elect a member of their own. Only 2.9 per cent of the ballots were invalid or blank in Calgary, 3.2 per cent in Edmonton.

Commenting on this remarkable election, which, because of the lack of P. R. in the country districts, blotted out entirely the United Farmers of Alberta after fourteen years of ascendency and gave Premier Aberhart and his untried band of Social Credit followers an exaggerated majority of fifty-six places out of sixty-three, the *Edmonton Journal* said editorially: "Whatever the new government does, it is to be hoped that it will not do away with P. R. in Alberta. If it wishes to make a movement in the right direction, it might well amalgamate Alberta's single-member ridings into multi-member constituencies and put P. R. into effect over the whole province."

*

Weighty Testimony from Cincinnati.—Commenting editorially on a recent attempt to repeal P. R. in Cincinnati, which failed for dearth of signatures to put the repeal on the ballot, the *Cincinnati Enquirer* said in its issue of September 18, 1935:

"The people of Cincinnati can be grateful for proportional representation. It enables them to vote with the certain knowledge that their ballots count, and count for some candidate who needs those particular votes. It gives us a council fairly divided between parties, and well balanced as among racial, religious, and economic groupings. It is the fairest system of voting yet devised for the choice of a body of representative public officers. Wise citizens will not be misled by false charges that P. R. is unfair or impractical."

Like many citizens of Cincinnati who have since been thoroughly convinced of its advantages, the *Enquirer* opposed P. R. when it was first adopted in 1924.

*

P. R. to be Taught in New York Schools.—The 1935 edition of "Our City—New York," which serves as a text book in civics for high school students throughout the city, contains for the first time a page on proportional representation. To illustrate the argument for the system the account gives the figures for the 1931 election of the New York Board of Aldermen, in which the Democratic Party with 65 per cent of the votes elected 98½ per cent of the members—sixty-four out of sixty-five.

*

Scottish School Boards.—Ever since the Hare system of P. R. was adopted by act of Parliament in 1918 for Education Authorities throughout Scotland, this interesting application of the system has always been listed whenever the important uses of P. R. were enumerated. Usually the authorities have been referred to in this country as "school boards" because of their similarity to school boards here, although the term "school board" in Scotland applied technically only to the parish boards for smaller areas.

We have only recently learned that the use of P. R. for Education Authorities in the thirty-eight counties and county burghs in Scotland was discontinued in 1929, not because the method of election was changed but because the Authorities themselves were abolished.

"There was never any reflection upon the excellent service of these authorities as regards education," writes Mr. Alfred J. Gray of the British P. R. Society, "but they had the drawback of constituting a separate taxing authority and the tendency for centralization again came into play in the year 1929, in the passing of the Local Government (Scotland) Act. The main effect of this act was in the direction of assimilating the local government system of Scotland to that in England. As one item of this assimilation, the *ad hoc* education authorities were abolished. The present education authorities are merely committees of the county council, (as in England) to which are co-opted by the council certain persons from outside having special qualifications.

"The chief non-official educational organization of Scotland, the Association of Education Authorities, protested very strongly against the abolition of the specific authorities. The authorities were, however, abolished, and P. R. —the innocent victim of its environment—perished with them."

*

P. R. in Memel.—The much discussed election of September 29 for the Diet of Memel, the territory removed from Germany by the Treaty of Versailles and placed within the borders of Lithuania as an autonomous district, was carried out by a party list system of P. R. It was, to be sure, a needlessly cumbersome and complicated system, but one which nevertheless assured approximately its proper share of the seats to each organized party. It was the use of P. R. which prevented the German party from electing the entire Diet and gave the Lithuanian minority party the same five seats out of twenty-nine which it succeeded in filling in the P. R. election of 1932.

The figures for the two elections, according to newspaper dispatches, were as follows:

PARTY	VOTES		MEMBERS ELECTED		MEMBERS IN PROPORTION TO VOTES	
	1932	1935	1932	1935	1932	1935
German	52,903	55,716	24	24	23.3	23.5
Lithuanian	12,864	12,925	5	5	5.7	5.5
	65,767	68,641	29	29	29.	29.

GOVERNMENTAL RESEARCH ASSOCIATION NOTES

Edited by Robert M. Paige

Boston Municipal Research Bureau.—During the past year the Bureau has given a great deal of attention to the problem of securing for Boston more equitable treatment in the distribution of federal unemployment relief funds. Luncheons, addresses, conferences, bulletins, confidential and published memoranda, visits to Washington have all been used in what has proven to be a successful effort to secure larger relief allotments. Since the Bureau began intensive work on this problem, Boston has received an additional $4,600,000 in ERA allotments above the former level of grants.

The Bureau participated in the conferences and discussions which preceded the fixing of this year's tax rate of the city and school system by the state legislature and was instrumental in securing a rate of $37.00 instead of the rate of $42.60 which was originally threatened.

In December the Bureau issued a report on reducing Boston's fire department costs as a supplement to two earlier reports on this same subject. The December report dealt largely with personnel problems. Although all of the Bureau's recommendations with reference to the fire department have not been adopted the city has not been filling vacancies in the present excessive number of fire department employees.

A draft of an improved budget law for the city was prepared. Unwarranted and unwise proposals for expenditures which were successfully opposed by the Bureau included extension of hospital facilities at a relief station, a capital expenditure program proposed for the state, the razing of the elevated.

The Bureau, by invitation, gave four radio broadcasts on Boston's tax situation which aroused much favorable comment. It continued to give close attention to the PWA and WPA programs and made numerous recommendations with reference thereto.

*

Buffalo Municipal Research Bureau.—The Bureau, organized in March 1927, began its public work the following June. It has recently published the eighth anniversary report to its members and the public, in a twelve-page issue of its weekly *Just a Moment,* in which the more outstanding efforts and accomplishments of the eight years are briefly listed and described. The report frankly indicates in each case the negative as well as the successful results of its efforts, but in its entirety constitutes a rather notable list of accomplishments. Among them are these: A $5,441,648 reduction in two years in the city budget for operation and maintenance resulting from the Bureau's vigorous recommendation of a $5,000,000 cut; a school survey in coöperation with the Office of Education of the U. S. Department of the Interior which reduced the school expense of the city by $3,000,000 annually, as stated by the local Board of Education's recent report; a 150-page report of the Bureau's survey of the county governments which formed the beginning and the basis of coöperative effort, now well progressed, for reform in the county system. The report modestly declares, "All that is claimed in this account of things accomplished is that the proposals were usually originated, and were formulated and recommended by the Bureau, and adopted by the public officials to the extent here shown."

During the past year the Bureau has issued its weekly comment in *Just a Moment* on local governmental events of importance, analyzing and comparing budgets, bond issues and financial items generally, and approving or disapproving proposals brought up in the city council or the county board of supervisors. It has made studies and formal reports on the Erie County Farm, Constitutional Limitation of Real Estate Taxation, the Water Works Pumping Station, Police and Firemen's Pension Funds, and a number of shorter reports on matters of local interest.

The Bureau's stand on these various matters receives very good newspaper publicity, including editorial comment which as a rule is commendatory. The Bureau has retained in large degree the friendly attitude of public officials, however often they fail for one reason or another to comply with its recommendations. It holds very general public respect and approval for its fairness and reliability. While retaining its independence of opinion and action, it coöperates where possible with the local taxpayer groups, whose attitude is much more militant though often less effective than the persuasive methods of the research bureaus.

*

Kansas Chamber of Commerce.—In a small booklet issued during October, the Chamber summarizes its activities during its ten years of existence.

The need for the development of an improved highway system in Kansas furnished the inspiration for the establishment of the State Chamber. Its first job was to bring about the creation of a state system of highways under the jurisdiction of the State Highway Department. To do this required a constitutional amendment. After an intensive campaign led, directed, and financed by the Chamber the amendment was adopted and now the state has a splendid road system.

In 1930 the State Chamber turned its attention to the subject of taxation. One of the tangible results of its work in this field was the enactment in 1931 of a budget law which, it is estimated, has saved taxpayers of the state in excess of $30,000,000. The taxation committee of the Chamber has also formulated recommendations for the reorganization of county government, elimination of townships, and the establishment of the cabinet form of state government and these proposals are a part of the Chamber's program.

A highly significant project in the field of public education was carried on in 1932 and 1933 when the Chamber sponsored "tax study clubs" throughout the state and furnished these clubs with thirteen well prepared lessons. Hundreds of clubs were formed and thousands of Kansans participated in this program.

The idea of a legislative council, an officially authorized body of state legislators charged with the responsibility of planning legislation between sessions, originated with the Kansas Chamber of Commerce in 1932. The following year the state legislature enacted a legislative council bill. In July 1934, the Legislative Council established a research department at the suggestion of the Chamber and the Chamber carried on negotiations which resulted in a grant from the Spelman Fund of $15,000 a year for three years to support the research work of the Council. At the same time the Chamber secured a Spelman Fund grant of $20,000 a year for two years for the work of the State Planning Board.

The 1935 legislative program of the Chamber included the following measures: creation of a state police force; revision of the state inheritance tax, including a lowering of exemption and a raising of rates; provision for scientific assessment of property and standardized accounting, auditing and reporting of city and county government finances; establishment of a school equalization fund; and passage of measures which would permit the reorganization of county government. The legislature enacted a measure providing for state supervision of municipal and county accounting. The Chamber will continue to advocate the adoption of the other measures during the coming year.

Samuel Wilson is the manager of the State Chamber.

*

Bureau of Business and Government Research of the University of Colorado.—During the past twelve months the Bureau has carried on several research assignments in governmental problems.

Data collected by the United States Department of Agriculture on tax delinquency in Boulder County were analyzed and a mimeographed report issued.

At the request of the State Superintendent of Public Instruction the director of the Bureau, Mr. Don Sowers, assumed the chairmanship of a small committee to study various aspects of common school education in Colorado. The first report of this committee was entitled "The Elimination of Small School Districts in Colorado." This report showed that the per pupil cost rises precipitately as the attendance falls below twenty pupils and that the smaller schools have the highest per pupil costs. If the 1,078 school districts having less than twenty pupils were eliminated by consolidation, it is estimated that an annual saving of $300,000 could be effected. The Bureau prepared in connection with this study the first map ever produced showing the boundaries of all Colorado school districts.

At the request of the State Association of Presidents of Higher Educational Institutions, the Bureau participated in a study of the unit costs of higher education.

The Bureau continued to serve as a research and service unit for the Colorado Municipal League. In addition to carrying on the usual program of answering special inquiries, providing information on pending legislation affecting cities, operating a field advisory service, arranging for training schools for public officers and employees, editing the bi-monthly magazine *Colorado Municipalities,* and arranging the annual convention of the League, the Bureau inaugurated a confidential bulletin service on municipal purchasing.

Mr. Cramer of the Bureau's staff installed the League's uniform accounting system in two municipalities and made complete audits for four municipalities.

*

Association of Omaha Taxpayers Inc.—This organization was founded in February 1932. For more than three years it has maintained an office headquarters with a full-time manager, Mr. W. L. Pierpoint, with the title of president, and a research and secretarial staff consisting of three or four persons. During this period the Association has been instrumental in securing the adoption of several important reform measures.

In 1933 a county manager enabling act was passed by the state legislature. In 1934 voters of Douglas County, in which Omaha is situated, voted favorably upon the county manager plan to become effective January 1, 1937. Adoption of the council manager plan for the government of Douglas County is an achievement for which the Association and its leading members can take chief credit.

The Association secured the passage of a bill making possible the split payment of taxes which has increased the total of taxes paid and made borrowing on tax anticipation notes by the school districts unnecessary. This has produced annual savings of about $15,000. Another bill supported by the Association increased the share of the gasoline tax distributed to counties by 50 per cent and provided that the counties should allocate gasoline tax money received from the state to incorporated cities and villages, 10 per cent; to bond retirement, 35 per cent; to bridges or to bond retirement, 20 per cent; and to road construction and maintenance, 35 per cent.

A substantial increase in the yield of the personal property tax was obtained by passage of laws requiring the deduction of unpaid personal taxes from the pay of public employees and from bills for supplies and materials and requiring the payment of property taxes on autos and trucks before issuance of license plates. The Association has coöperated with the treasurer and sheriff in the prosecution of a vigorous tax collection campaign. An especial effort has been made to collect personal property taxes which prior to this year have been on a semi-voluntary basis. This campaign has been highly successful.

A law fixing the same date for state, county, and city primary elections was passed which should save approximately $12,000.

City and county finance officers have been urged by the Association to make use of modern accounting and budgeting procedures. Since January 1933 the city finance officer has notified each department every thirty days as to its financial standing. During the past few months the county board has promised to begin to operate all county offices on a budget basis.

Within the past year studies have been made of the pension funds of the police and fire departments. These studies revealed the need for an entirely new and actuarially sound pension system and the city council has promised to act on this matter soon.

Nebraskans have reason to be proud of the way in which their governments have weathered the depression. The state has no bonded debt and has money on hand to pay its bills. It has been unnecessary to enact a sales tax. In Omaha the city government is operating without a deficit, and the school district and metropolitan district are in a sound financial condition. The total tax levy on property in Omaha has been sharply reduced. Although the financial record of Douglas County is not satisfactory, this situation should be speedily remedied with the inauguration of manager government a year hence.

*

Woonsocket Taxpayers Association.—The August issue of the Association's regular periodical *Public Affairs* contains a chart showing the essential facts with reference to the city's financial operations during the past six years. Since 1930 the net bonded debt has been reduced from $8,751,000 to $6,346,000. Operating expenditures were reduced from $2,729,000 in 1930 to $2,669,000 in 1934 in spite of the fact that the expense to the city of poor and unemployment relief increased from $53,000 in 1930 to $300,000 in 1934.

Milton C. Chapin continues to serve as the Association's executive director.

Detroit Bureau of Governmental Research.—The Bureau has completed arrangements to effect a close coöperative relationship with the city-supported institution for higher education—Wayne University. The University has formed a school of public affairs as a coördinating agency designed to emphasize the courses available to those who seek careers in the public service or desire a background which will make them more intelligent voters and citizens. Dr. Lent D. Upson, director of the Bureau, has been appointed director of the school of public affairs, while Mr. J. M. Leonard of the Bureau's staff will serve as supervisor of student research. The Bureau will continue to be an independent citizen research agency but a portion of the time of its staff members will be devoted to teaching and to the direction of graduate students carrying on research work in governmental, economic, and social problems of the community. The Bureau will soon open an office adjacent to the Wayne University campus.

A bulletin describing this new school and outlining the courses which have been included in its curriculum is available on request to either the Detroit Bureau or the University.

PROBABLE EFFECTS OF TAX LIMITATION IN ILLINOIS

(Continued from Page 625)

cannot render the services which the taxpayers require of them? Instead of improving fiscal practices, legislation of this type makes them worse. Under such circumstances, it is difficult to see how tax-rate-limitation legislation can operate to the advantage of property owners generally.

The experience of other states experimenting with tax limitation schemes, indicates first, that tax limitation laws have not limited property taxes; secondly, that they have not accomplished the reformation of the state-local tax systems; thirdly, that they have neither produced economy in government nor a constructive avenue of approach to that goal; and lastly, that these schemes have so frequently curtailed governmental service and produced fiscal chaos that the plan has been permanently discredited.

The conclusion is inescapable that the tax limitation plan is an unintelligent and ineffective method of accomplishing desirable results. It is negative and selfish, rather than constructive and in the social interest. The surprising thing is that non-property owners have stood by and allowed tax limitation advocates so easily to interfere with public services and public finances. What a pity so much energy could not have been devoted to an intelligent effort to improve state and local fiscal systems!

Editor's Note. The article above is taken from Chapter III of Constitutional Tax Rate Limitation for Illinois, Special Report No. 2, Prepared by the Illinois Tax Commission.

RECENT BOOKS REVIEWED

EDITED BY GENEVA SEYBOLD

Home Rule for Metropolitan Chicago. By Albert Lepawsky. Chicago, University of Chicago Press. 210 pp. $2.

So much has been written concerning the general problem of municipal self-government and the particular problem of the Chicago metropolitan area that the casual student of the subject may be tempted when he sees the title of this book to say to himself, "Just another book on the Chicago situation. Guess I can afford to pass that up."

If he does so, he will be making a serious mistake. Dr. Lepawsky has not only made a realistic rather than legalistic approach to his problem, and thus provided a very definite contribution to the understanding of the conception of "home rule" as related to Chicago, but he has turned out the most readable and vivid account of the problem and its possible solutions that has been done. Here is no academic treatise with a bookish odor of the study and the cloister. To the author Chicago's home rule is a concrete matter, to be understood only in terms of gangsters and garbage, peanut-vending and police protection, elevated railways, and bad beefsteak. Not a citizen in Chicago any day in the year but is seriously affected by the fact that, to use the author's terse phrase, "legally, Chicago is an infant." To make that clear requires much research, hard thinking, and sharp writing. Lepawsky has done that; he has done more, for the book has that rare spirit that leaves the reader with the feeling that he must go out and do something about all this.

In other words, it's a good book!

H. P. J.

Government in Business. By Stuart Chase. New York, the Macmillan Company, 1935. 296 pp. $2.00.

Stuart Chase is an adept master in the marshalling of facts. Row after row they march in parade, an array that cannot fail to impress the reader, whether or not he agrees with the author's theories.

In his latest book Mr. Chase has turned his attention to the way the government has gradually penetrated the domain of private enterprise. Those who shrieked when the first camel's nose, government operation of the Panama Canal in 1912, was poked under the tent are now aghast at a tent filled with camels. The list of new governmental ownerships and controls fills several pages.

Mr. Chase is not one of the shriekers. He doesn't mind regulation or regimentation. If collectivism cares for him and his neighbors better than individualism, he is for collectivism. He challenges the theory that government should do only the jobs that no one else wants to do, such as public education and street cleaning, jobs which private business is abandoning because losses exceed profits, like farming, or jobs which private business is bungling, like the conservation of lumber and petroleum.

The government, he says "mops up after the risk-takers have had their excitement. The mopping up after the excitement of the big bull market and the big bank credit boom has been a very extensive and expensive public enterprise. The question remains whether the community can indefinitely stand such a bill for excitement with consequent disruption to its service or supply, or whether public business in its pedestrian, matter-of-fact way, may not have to step in and guarantee the service."

Mr. Chase would apply the following yardstick to every economic activity, private and public: "Is this business consistent with general economic security, or is it not?"

"I think we should admit freely with no quibbling or qualifications, that the function of public business today is to do whatever must be done to assure the healthy survival of the whole community. . . . So long as private enterprise assures community survival, public business need not advance except in the peripheries. But when survival is threatened, when old margins of safety shrink and disappear, the community must act."

*

The Operation of the Council-Manager Plan of Government in Oklahoma Cities. By Jewell Cass Phillips. Philadelphia, University of Pennsylvania, 1933. 305 pp.

One more investigator points out the prime importance of an active, aggressive citizens' organization in the successful operation of the council-manager plan. The history of the plan in Oklahoma, where thirty-two cities have introduced this form of government in the last twenty years, has demonstrated that when citizen vigilance lags, politicians take charge.

The first council and the first manager after the introduction of the plan in Oklahoma cities, according to the author, have been almost without exception of high calibre. The citizens' organizations securing adoption of the new form of government have remained on the job long enough to see that the plan has been instituted under favorable auspices. If they then have allowed their organizations to disperse, politically chosen councils that have followed have too frequently departed from the fundamental principles of the manager plan, in some instances taking over important administrative functions that are properly the work of the manager.

The charters of some Oklahoma cities are at fault, Mr. Phillips believes. Ten of them, for example, provide that the manager must secure the approval of the council in selecting his subordinates and twenty-seven have placed rigid limitations upon the manager's authority to purchase and contract. Under ten of the manager charters in Oklahoma the councils have been given the authority to participate directly in the supervision and conduct of detailed administrative work or the charters have left too much discretion to the council in providing for this work. The choice of home-town men without the requisite training and experience for the position of city manager has resulted also in dictation by the council.

The outstanding success and satisfaction with the council-manager plan in those Oklahoma cities where the theory of council-manager government has been adhered to closely is evidence that where there has been dissatisfaction it has been due not to the plan but to its administration. It is up to citizens to insist upon having the real thing.

*

A Purchasing Manual for Texas Cities. By Lyndon E. Abbott. Austin, the University of Texas, 1935, 120 pp. Apply to University Publications, University of Texas.

Full-time purchasing agents in the larger cities are no luxuries but a necessity in caring for an everyday, important function of government, according to this study. In El Paso the cost of the purchasing department amounted to only 2.2 per cent of the total amount of purchase orders handled in 1934 with the percentage decreasing in the case of other large Texas cities to Fort Worth where the departmental cost at present is estimated at 1 per cent of the orders. In the smaller cities large economies have been effected by making purchasing the part-time function of one official.

The city wishing to install centralized purchasing finds a practical guide in this manual which tells step by step how to organize and operate a purchasing department. Each essential principle is illustrated by a description of the practice in Texas cities. More than fifty municipalities are included in the survey.

*

Legal Aid Bureaus. Compiled by John S. Bradway. Chicago, Public Administration Service. 1935. 80 pp. $1.

Since the formation of the New York Legal Aid Society in 1876, established primarily for assisting immigrants, others have been organized until in 1933 there were eighty-nine in various parts of the country. For many years the legal aid bureau was regarded as a welfare agency distributing charity in the form of legal advice and assistance. A more recent concept is that the poor as well as the rich are entitled to justice as a matter of right and the legal aid society is therefore part of the function of the organized Bar.

Financing of legal aid bureaus comes from two sources. Some are public agencies supported from the city budget; others are privately supported, frequently through community chest funds. Neither method is advocated as superior to the other. The public agency has perhaps more prestige because the administration of justice is looked upon as a public function and as long as the city finances are in good condition, the bureau has a dependable source of income. On the other hand the private agency with a board of directors can make long-time plans and policies and its personnel is not subject to political upheavals.

Mr. Bradway, who is secretary of the National Association of Legal Aid Organizations which has been in existence for more than twenty years and has strengthened local agencies through clarifying objectives and developing standards and uniformity in records, has designed this manual with two groups in view —those who are thinking of establishing a legal aid society and for the administrators of existing legal aid bureaus. In compact form he has succeeded in presenting the pooled experience of legal aid bureaus during the last quarter of a century.

*

Property Valuations and Taxes. By Mabel L. Walker. New York, Tax Policy League, 1935. 18 pp. Twenty-five cents.

The assessed valuation of real, personal, and other property in the states and the United States is presented in tabular form for the years 1912, 1922, and 1931 in this bulletin. The assessed valuation translated into terms of legal and estimated actual full value assessment are also given. A section of the report describes how assessments and collections are made in each state.

*

Financing New York City. By William Whyte. Philadelphia, American Academy of Political and Social Science, 1935. 70 pp. Fifty cents.

A student who dares venture into the astounding labyrinths of the finances of New York City and from his explorations prepare a chart upon which the intricate windings become understandable to the layman deserves commendation for his courage and skill. Joseph D. McGoldrick, former comptroller of New York City, in a foreword to this pamphlet says that "there is no other single place to which a citizen or taxpayer can turn to find the whole picture so clearly and compactly presented."

There are sections on budget expenditures, the city's revenues, its debts, the rapid transit problem, special financial problems created by the depression and the outlook for the future.

*

Westward to the East. By George Montagu Harris. Brussels, International Union of Local Authorities, 1935. 254 pp.

It is always interesting to know what a visitor from another land thinks of us. George Montagu Harris, English authority on local government, completed last year a trip around the world spending more than a year traveling, lecturing in America and India. He moved in local government circles—talking with the leaders in this field, directing his steps toward experiments that interested him.

In delightful and informal fashion he tells of the places he saw and the people he met. He began with the United States and Canada and sailed west to stranger lands. The reader who would absorb not only painlessly but pleasurably current information on local government will open this travel book with real appreciation.

The Great Commodore. By Edward M. Barrows. New York, the Bobbs-Merrill Company, 1935. 397 pp. $3.75.

Attention is drawn to this narrative of exciting adventure because readers of the National Municipal Review are interested in its author who served recently as this magazine's managing editor. The same sure sense of selecting the important, the sense of humor, and deft and entertaining method of presentation that Review readers were accustomed to find in Mr. Barrows' editorials are evident in this rousing account of Matthew Calbraith Perry, who had adventures all over the world but is best remembered for the part he played in the foundation of Liberia and in opening Japan to the trade of the world. He was one of the earliest enthusiasts for the training of seamen and was very largely responsible for the opening of the naval academy at Annapolis.

NATIONAL MUNICIPAL REVIEW

DECEMBER · 1935

State Reorganization

ARTHUR W. BROMAGE

Tax Limitation in Michigan

ROBERT S. FORD

Locally Shared State Revenues

MABEL NEWCOMER

Governmental Responsibility for Unemployment Relief

HARRY GREENSTEIN

Comparative Tax Rates for 301 Cities

C. E. RIGHTOR

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THE LEAGUE'S BUSINESS

Dr. Dodds in Cuba.—The League's president, Dr. Harold W. Dodds, President of Princeton University, has just returned from a visit to Cuba where, on the official invitation of President Carlos Mendieta, he acted as technical adviser for the coming Cuban presidential elections. Dr. Dodds is well known throughout Central and South America as an authority on plebiscites and electoral practices. He served for several years as electoral adviser to the government of Nicaragua and was also technical adviser to the president of the Tacna-Arica Plebiscitary Commission.

* * *

The Providence Conference.—About four hundred persons took part in the Forty-first Annual Conference on Government held in Providence, R. I., on November 25 and 26, by the League. Participating organizations included the Proportional Representation League and the National Association of Civic Secretaries. Because of the increased interest in governmental problems, the creation in the past year of many new agencies of public service, and the assumption of new functions by old agencies, the conference was one of the largest in the League's history.

The principal speakers included William Tudor Gardiner, former governor of Maine; Judge Samuel Seabury of New York; Julian G. Hearne, Jr., chairman of the Wheeling, W. Va., Association; Dr. C. W. Tooke, chairman of the American Bar Association's Section on Municipal Law; Henry W. Toll, executive director of the American Legislators' Association; Corrington Gill, director of the Division of Statistics and Finance of the WPA; Senator Seabury C. Mastick of New York; Leonard D. White, United States Civil Service Commissioner, and Mayor Russell Wilson of Cincinnati. The president of the League, Dr. Dodds, President of Princeton University, sketched the novel relationship of the cities directly to the federal government which by-passes the state governments, in his address, "Is Local Government Doomed?"

Group sessions were devoted to reorganizing city government to increase efficiency, unemployment relief administration, new sources of revenue, public debt, civic education, libraries, recreation, tax limitation, and county government.

The result of the group conference on Citizens' Councils was the announcement by Dr. P. P. Womer of Washburn College, Topeka, of the creation of a national federation of citizens' councils under the auspices of the National Municipal League.

The form of government in Providence is essentially that provided for in a charter granted by the legislature in 1832. The double-house council, a mayor with practically no responsibility, the absence of a budget or a merit system led the experts at the conference to call Providence a "political museum." This criticism led to much local comment which may crystallize into a demand for the city manager plan with proportional representation.

* * *

You and Your Government.—Planning, housing, and recreation are among the timely subjects to be presented in forthcoming radio addresses in Series XII of YOU AND YOUR GOVERNMENT broadcasts. These talks are presented over an NBC network every Tuesday at 7.45-8.00 P. M., eastern standard time. Programs for coming weeks are given below:

December 10—"Planning As a State Function." Alfred Bettman, President, American Society of Planning Officials.

December 17—"Re-locating the Isolated Settler." Walter A. Rowlands, Specialist in Land Economics, University of Wisconsin.

December 24—"Making Plans Come True." Chester H. Rowell, Editor, San Francisco *Chronicle.*

December 31—"The Law of the Roadside." Flavel Shurtleff, Counsel, American Planning and Civic Association.

January 7—"Better Housing Through Better Zoning." Robert D. Kohn, former Director of Housing, PWA; former President, American Institute of Architects.

January 14—"Public Recreation." Robert Moses, Commissioner of Parks, New York City; President, Long Island State Park Commission; Chairman, New York State Council of Parks.

Howard P. Jones, *Secretary*

Editorial
Comment
❖
December

NATIONAL
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Who Is To Pay For Relief?

As cities and states look forward to the new year, one of the burning questions that must be answered before financial programs can be developed and intelligent budgets adopted is, "What proportion of the relief burden will be borne by the federal government?"

From Washington, as quickly as an echo, can be heard the Yankee response, "How much of the relief burden can the states and cities bear?"

The very question leaves in its wake a queer sense of frustration for it is a question that cannot be answered. Much as we know about government, much as we know about business, much as we know about relief requirements and available revenues, we have no standards of measurement to apply that will furnish sure indication of the capacity of the various states and units of local government to carry the present burden of unemployment relief. Perhaps measurement of the aggregate individual and corporate income within a given state or locality as compared with a previous year might provide some clue if correlated with the respective relief burdens for the same years; but there are so many political and economic variables that this might be as misleading as it would be significant.

Look at New York State, for example. Practically every available source of revenue has been tapped. The only large producer of revenue not being used by New York State at the present time is the sales tax and, even assuming a sales tax to be desirable, the state has for the time being waived its rights in favor of New York City. Yet in spite of reaching in all directions for new money, the State of New York wound up the fiscal year ending July 1, 1935 with a deficit of nearly $100,000,000.

At present the relief cost in New York state is divided as follows: the state pays 17 per cent, the cities 25 per cent and the federal government the balance. The federal government has indicated that it would shortly withdraw its support entirely except for WPA projects. If that happened, the cost of home relief would presumably have to be divided between the state and the cities on the basis provided in the Wicks Act: 40 per cent of the relief cost being borne by the state and 60 per cent by the localities. This would mean more than doubling the present allowances in the state and local budgets for unemployment relief, assuming no change in the relief situation.

Can this be done?

Interestingly enough, the answer is bound up with the question as to whether more funds can be raised from the general property tax in New York state than are now being raised. It is certain that if the proposal of the real estate interests for a two per cent overall tax limitation is enacted, the answer is "No," just as the answer is "No" in every state which has an overall tax limitation. And presumably the local resistance to an increase in the property tax at this time would be such as to create a political furore the implications of which could hardly escape Washington.

What then?

The inevitable conclusion appears to be that the federal government is in the unemployment relief business and in it to stay, for the time being at least. Sudden withdrawal of substantial support from the states and cities at this juncture is almost unthinkable. Gradual withdrawal over a period of time, based upon adequate statistical evidence of improved business conditions plus a decreasing relief load, as well as upon tangible evidence through restoration of curtailed services in local budgets of the taxpayer's ability and willingness to support additional costs, is another matter altogether. If sufficient evidence is at hand, as it may be, to justify the inauguration of a policy of gradual withdrawal, wisdom may lie in that direction.

It should be clearly understood, however, that the question as to what part of the cost of unemployment relief the federal government pays as compared with the states and cities, is, in large measure, not so much a question as between governments as between sources of revenue. It really makes very little difference whether the federal government or the states pay the cost of relief if that cost is to be met through an income tax in either case. The real issue as to whether the federal government can return the relief load to the states and localities finds its heart in the query as to whether the financial burden involved can be transferred from the income tax to the general property tax.

The Disappearance of Home Rule

One of the most interesting and challenging developments of the past few years has been the almost complete disappearance of municipal home rule as an issue in political life in the average state. True, the fire still burns in Chicago and one or two other metropolitan centers where rural legislatures heap obstacles in the way of intelligent solution of urban problems. They are the exceptions which prove the rule: the survival of problems in some areas that progress should have solved years ago.

County home rule has become a phrase of magic but it means something quite different than the municipal home rule of yesterday, principally, the right of the voters to get rid of the weak, wasteful, decentralized form of county government that exists generally throughout the country today; the chance to turn counties into something more than foot warmers for the national political parties.

But where are the invectives that formerly flew at the heads of those who would dare presume to trample upon the rights of self government? Where are the thunderers against state centralization? Mayhap flinging themselves against the windmills provided by the federal government; wherever they may be, certainly, their voices have been silent on the issue closer home.

Perhaps the time has come to raise the question as to what constitute the boundaries of home rule, after all. Does the citizen of Rhode Island need local government other than that which could be provided by the State of Rhode Island? And the citizen of Delaware—need he be on guard lest fundamental rights of

(Continued on Page 689)

THEY SAID AT PROVIDENCE—

AMONG the state governments we find competition, confusion, and conflict. This chaotic condition cannot continue. Realistic students of government know that only one of two alternatives is possible: either we must transfer more and more of the states' functions to the federal government, or else the states must work together as they have never worked before. Any claim of states' rights must now be justified by a demonstration of states' competence.—HENRY W. TOLL, *Executive Director, American Legislators' Association.*

* * *

YOU cannot reduce taxation by simply spreading out the tax burden. If taxation limitation results in the long run in not raising money enough to carry on the necessary services of government then either those services must be carried out by the citizens in a private capacity or they must be curtailed or omitted. In either case, provided the services are performed, it is obvious that there will be no real reduction in expense.—SEABURY C. MASTICK, *Chairman, New York State Commission for the Revision of the Tax Laws and Reorganization of Local Government.*

* * *

IN YEARS to come we shall realize that the New Deal has left its mark upon federal-municipal attitudes, and that it has launched us upon a new and difficult relationship. In their dealings with local officials the national authorities must curb the natural human appetite for power—a special weakness of bureaucracies in public or private life—and must rely mainly on intellectual leadership and moral suasion. If they do so, the fire of local self-government need not be dimmed nor its responsibilities and usefulness diminished. Under no circumstances must local government be allowed to lose its position as a theatre for the citizen's active participation in public life, and as an indispensable training school for democratic leadership.—HAROLD W. DODDS, *President, Princeton University.*

* * *

THE foundation of careers in government service is the maintenance and extension of the merit system, for without the relative permanence of employment which the merit system gives careers are impossible.—LEONARD D. WHITE, *United States Civil Service Commissioner.*

* * *

TWENTY-FIVE years of study and experience have convinced me that the manager plan is the way to good city government. I do not say the manager plan is good city government. It does not insure it. It is only the way to it. Like every other device it has to be operated by human beings; and human beings—God pity them—are frail. Greed tempts some, laziness the great majority, and manager government, like every other form, can be made successful only if enough good citizens overcome their laziness to control the greed of the minority. Without citizen organization, permanent citizen organization, good government is impossible.—THOMAS H. REED, *Director, Consultant Service, National Municipal League.*

* * *

THE decency and morale of the nation is at a low ebb if we can go through this coming winter with hundreds of thousands of families, hundreds of thousands of men, women, and children, starving and in want. Each local unit should and must do its part, but to do the job effectively there must be a coöperative partnership, local, state, and federal, with initial guidance, ability, and assurance coming from the top.—FREDERICK I. DANIELS, *Chairman, New York State Temporary Emergency Relief Administration.*

* * *

A SOUND borrowing policy for any community calls for the conservation rather than the exhaustion of credit. It demands that the limit of debt to be incurred be gauged by ability to pay under adverse circumstances rather than by resources at the peak of a business boom. . . . A policy of borrowing less each year than is repaid, over the next uncertain decade, will go far toward producing a desired security against such emergencies as the future may have in store.—FREDERICK L. BIRD, *Director of Municipal Research, Dun and Bradstreet, Inc.*

* * *

THOSE forces interested in better county government must be as well organized and must be willing to fight with the same determination and persistency as the beneficiaries of bad government are willing to fight for its maintenance. —GEORGE W. SPICER, *Vice Chairman, Virginia Commission on County Government.*

* * *

MUNICIPAL government is a business and should be conducted as a business. The League of Nations, the tariff, the NRA, the AAA, and all of the rest of the national political alphabet have nothing to do with the division of opinion in municipal affairs. It is a truism that there is no Republican or no Democratic way of building a street or a sewer. There is no Republican nor is there a Democratic method of police or fire department administration. Crime prevention and fire prevention transcend all political considerations.—RUSSELL WILSON, *Mayor of Cincinnati.*

* * *

ATTEMPTS to discover and apply beneficial new sources of public revenues ought, obviously, to be accompanied with a reduction in the wasteful spending of existing revenues, where such exists. . . . If our municipalities everywhere would do what is now being done with success somewhere, most of their fiscal problems would be solved.—HAROLD S. BUTTENHEIM, *Editor, The American City.*

* * *

THE chief difficulty in securing decent and economical government for the City of New York has been due to the fact that its government has been almost wholly in the hands of a single dominant political party. There has been no representation to protect the rights of those who happen to be in a minority, however great it may be, or to raise even a mild voice of protest against the measures that have been adopted and the things that have been done. Hundreds of thousands of voters in the city are, under our prevailing system, completely unrepresented in the conduct of the government. Proportional representation will do much to destroy the partisan domination under which the city has suffered in years past.—SAMUEL SEABURY, *Counsel to the Joint Legislative Committee to Investigate the Administration of the Various Departments of the Government of the City of New York.*

State Reorganization

Twenty-one states have achieved some form of administrative reorganization during last two decades

ARTHUR W. BROMAGE *University of Michigan*

SEVERAL years ago, from the depths of the depression, the refrain went up that the state governments were ancient history, that they were "through" as important units of government, that only the federal government could solve our local, state, and national problems. Demands were made for extreme centralization of power in the federal government. The consolidation of the states into regional commonwealths, such as the Commonwealth of New England, the Middle Atlantic Commonwealth, or the Pacific Slope Commonwealth, was advocated. Now, much of the urgency created by our economic crisis has gone from these proposals, but these anti-state ideas still haunt the minds of some social planners.

On the one hand, the problem of state reorganization cannot be separated from the larger question of the position of the states in our federal system of government. On the other hand, state reorganization may be confined to the question of structural, functional, and administrative changes within the respective states. If the states are to retain their importance in our federal system, then the problem of their internal reorganization is highly significant. If the states are to bow to more extreme federal centralization of power, or are to give way to regional commonwealths, then their internal reorganization becomes relatively unimportant. What alternative policies are there by which federal and state relations might be changed? These may be reduced to three major alternatives. On one of these we are already embarked.

The first alternative would be to consolidate the states into regional commonwealths, these new governments to carry on the residual powers of the states. Theoretically, such regional governments, by reason of their greater size and their coincidence with economic and social areas, would be able to deal more effectively with the regulation of industry, labor, intra-regional commerce, and agriculture. Practically, the states would not turn the knife against themselves. A policy, tempting on paper, crumples in the face of actual conditions.

A variation of this plan is designed to take the sting out of the regional commonwealth. This proposal is that regional commonwealths with certain delegated powers over industry, labor, commerce, and agriculture be created. The states would be left as units to provide, for instance, certain services in health administration, public works, and institutional care of the dependent and sick. The states would approximate local units of government. Assuming that such a plan could be carried, its feasibility is dubious. We already have a labyrinth of 175,000 national, state, and local governments. Such regional commonwealths would be carrying coals to Newcastle.

The only hope for a regional settlement of various problems would seem to be interstate compacts, allowed under the constitution, provided Congress consents. Some progress may also be made by the enactment of uniform state laws.

The second possible program would be to amend the federal constitution by granting to the federal government a national police power—power to legislate for the health, safety, morals, and general welfare of the American people. Then the federal government would no longer be constantly reaching out under the interstate commerce power or the taxing power to regulate industry, labor, and agriculture, only to be reminded of the nature of our federal system and of the residual powers of the states by the Supreme Court of the United States. Such an amendment would destroy our federal system of government as it exists today. Federal centralization could no longer be checked by judicial review on the theory of the delegated authority of the federal government and residual powers of the states. The exercise of such a national police power would be challenged by those seeking to prove that the due process of law clause of the fifth amendment had been violated. We would get as much federal centralization of power as the elected representatives of the people in Washington should choose to create without violating due process of law. The view is now widely held that such an amendment *might* have been ratified by the states in 1933, but that it could never obtain the necessary ratifications by thirty-six states today. Even such a limited proposal as the so-called child labor amendment has not been accepted. Designed to give Congress power to regulate child labor, it deals with a subject having high emotional appeal. Yet, after eleven years, the ratifications of only twenty-four states have been obtained.

The third plan is the one on which we are embarked. It is in accordance with the best Anglo-Saxon traditions. We are muddling through into a new order which is neither a new grant of national power by constitutional amendment, nor a set of regional commonwealths. The federal government is attempting by statute to extend the scope of its activities, but the states have been left intact as integral parts of the federal system. Under this third plan the federal government is attempting to deal with national problems in so far as it can do so through its interstate commerce and taxing powers. This policy led to the NRA; the NRA led to the Schechter case; and the NRA in its original form was found to be unconstitutional. The AAA, as an attempt to solve the position of agriculture on a national scale, is another illustration of this policy of preserving the constitutional *status quo* while striving to do something new by legislation. The recent social security act, authorizing federal old-age benefits, a contributory old-age pension system, and a federal-state system of unemployment insurance, is an attempt to face a national problem on a national scale through federal-state coöperation.

The signs of the times point to the continuation of the states with their existing powers. Their importance may be overshadowed by the new activities of the federal government and by a new type of federal-state coöperation, in which state coöperation is spurred by national policy and federal aid. This policy pleases neither side. The nationalist feels that the federal government is hamstrung by its lack of general police power. The supporter of states' rights points to the intrusion of the federal government into realms of power hitherto considered to be of state concern—the regulation of industry, labor, and agriculture. As of old, the Supreme Court must be the umpire of the federal system. The limits of national power and the position of the states in the union rest with the Supreme Court, unless the people choose to pursue the second alternative. The issue of the internal reorganization of the states, on the other hand, rests with the people of the respective states.

The many aspects of internal reorganization have to be considered individually. No state has undertaken a complete revision of its form of government. But many states have adopted one or more of the proposals of the model state constitution prepared by the National Municipal League. Reform comes slowly on leaden feet. But the steps that have been taken lie in the direction of principles enunciated by that document.

THE ONE-HOUSE LEGISLATURE

For years the argument has been made that a state legislature, like a city council, should be a unicameral rather than a bicameral body. The model state constitution suggests a unicameral state legislature chosen by the qualified electors of a state for a term of two years by the system of proportional representation with a single transferable vote. No state has as yet fulfilled these ideals. Nebraska, however, will have a unicameral legislature in 1937. In 1934 an amendment to this effect was, thanks to the progressive leadership of Senator Norris, adopted by the people of Nebraska. The legislative session of 1935 was authorized to fix the total membership of this single-house legislature at not more than fifty nor less than thirty legislators, and to divide the state into election districts. These must be, according to the amendment, single-member districts of contiguous and compact territory. The legislators will be nominated and elected without any party designations on the ballot. They will hold office for two years. Thus, Nebraska becomes the first of the states, in this century, to have a unicameral legislature. No one can say how many states, if any, will follow suit, but a handsome beginning has been made. Some states—New York, Illinois, Michigan, Pennsylvania—because of their urban-rural conflict and fixed ideas, will not take kindly to the one-house legislature. But there are a number which might well follow Nebraska's example. Nebraska's action is the outstanding feature of state reorganization in many decades.

ADMINISTRATIVE REORGANIZATION

Administrative power in the states, since 1917, has been concentrated more and more in the hands of the governors. The model state constitution provides on this point: "There shall be such executive departments as may be established by law. The heads of all executive departments shall be appointed and may be removed by the governor." A number of elective administrative officers in the American states are provided for by the respective state constitutions. They have a constitutional status, and constitutional amendments supplanting them are not easily passed. This explains why from 1917 to 1925 twelve of the states reorganized their administrations by statute—Illinois, Idaho, Nebraska, Washington, Ohio, California, Maryland, Pennsylvania, Tennessee, Vermont, Minnesota, and South Dakota. The legislatures provided by statute for the integration of multifarious activities into some plan of departmentalization under the authority of the governor. Constitutional officers and boards have remained outside the framework of departments created by these administrative codes. Reorganization of administration by statute has been logical enough in view of the difficulties and delays which constitutional amendment entails in various states. There was a lull in administrative reorganization by statute after 1925. However, from 1931 to 1935, Maine, Georgia, Indiana, Colorado, Kentucky, and Rhode Island were added to the roll of the states seeking by law a reintegration of administrative activities under the power and authority of the governor.

Meanwhile, three states have dealt with the issue of administrative reorganization by constitutional amendment and statute: Massachusetts in 1918-20, New York in 1925-26, and Virginia in 1927-28. The 1918 amendment in Massachusetts directed that the administrative work of the commonwealth be organized into not more than twenty departments. In New York administrative agencies were reorganized into eighteen departments and only the governor, lieutenant governor, comptroller, and attorney general remained on the ballot. Governor Alfred E. Smith and President Franklin D. Roosevelt have not always seen eye to eye in politics, but both have been unstinted in their praise of this reorganization of New York's administrative structure. In Virginia as a result of the process of reorganization the ballot for executive officers was shortened to include only the governor, lieutenant governor, and attorney general.

Now, twenty-one states have achieved some form of administrative reorganization by statute or by constitutional amendment and statute. What has been the general result of this policy? Gubernatorial power has been developed in two respects. First, a welter of boards and commissions which were in a semi-independent position has given way to a reasonable number of departments. This has put the governor in the position of supervising fewer units, which have become more dependent upon his authority. Second, the governor's power to appoint and remove administrative officers, with the exception of elective constitutional incumbents, has been increased. However, the governor's power to appoint departmental heads has been widely subjected to senatorial confirmation.

From the point of view of administration, there seems to be no good reason for this qualification of the governor's power to appoint. An unqualified authority in this regard would put the governor in a position where he would have to accept complete responsibility for administrative appointees and their operations. But tradition and politics have been on the side of senatorial confirmation within the states. Although the governor's power to remove administrative officials has been increased, reorganization has not brought absolute power to remove at pleasure. Administrative codes often fail to place the power to remove specific officials at pleasure beyond legal doubt. This offsets to some extent gains made elsewhere. On the whole, there has developed a much greater coincidence of tenure between administrative officers and the governor, leaving an incoming governor a freer hand in choosing the administrative personnel which is to serve under him.

Obviously, in the name of the model state constitution and of principles of public administration, flaws can be picked here and there in the administrative reorganizations of the states. Nevertheless, this movement is one of the outstanding modifications of state government in the twentieth century. Increased executive power has been seized as the only raft on a sea of administrative disintegration. In some states, as in New York and Virginia, the political leadership to this end has been high in calibre.

OTHER ADMINISTRATIVE CHANGES

The list of states that have undergone administrative reorganization fails to take into account many lesser readjustments of administrative structure from state to state. The explanation of most of these administrative readjustments is that legislators are practical men. They alter details of structure when they know that the time is not ripe for sweeping alterations with increased gubernatorial authority. Occasionally, such changes may be tainted with a desire to decrease the authority of some official who happens to be *persona non grata.* If so, the cry of "ripper bill" goes up. But to a remarkable degree, this practice has been kept out of administrative reorganizations and readjustments. In recent years North Carolina, Oregon, and Missouri have made various readjustments in their administrative structures.

In addition to formal changes in administrative structure, administrative operations have been improved by the development of executive budgets, staff agencies, and centralized purchasing. The model state constitution provides not only for an executive budget, but also that no appropriation shall be passed until the appropriation bill, as introduced by the governor and amended by the legislature, shall have been enacted. In the interim the legislature may pass emergency appropriations recommended by the governor. The governor, under the model state constitution, is authorized to veto or to reduce items in an appropriation bill passed by the legislature. Every state but Arkansas now has an executive budget system in which the governor is put in a position of influence, if not of control. Armed widely with the item veto, the state governors now have a considerable chance of making their recommendations controlling as to appropriations.

Only nine states are now without some form of the item veto: Maine, New Hampshire, Vermont, Rhode Island, Indiana, Iowa, Nevada, Tennessee, and North Carolina. But the suggestion of the model state constitution that the governor have a power to reduce as well as to veto items has not been followed. When governors have sought to reduce items under the item veto power granted by state constitutions, the courts have generally held such action void. But the executive budget and the item veto of today are a recognized advance over the legislative budgets of the past.

A staff agency responsible to the governor alone is a useful adjunct in state administration. It should collect information on which the governor can make his decisions and should see that department heads or their subordinates carry out his instructions. Such an agency may also supervise or actually perform so-called housekeeping activities: accounting, reporting, purchasing, or reviewing of the budgetary requests of departments. Although some forty states have created staff agencies, their powers and functions and their worth to the chief executive differ greatly. Moreover, certain of them do not serve the governor alone, but an administrative board. Many of them do little more than assist the governor in the preparation of the budget. State departments, specific officers, boards and commissions have been designated by statute to serve more or less as staff agencies. A central purchasing agency controlled by the governor and having general authority over purchases rather than a limited authority over specified departments or institutions is to be desired. Many state centralized purchasing agencies do not conform to such a high standard, but the statutes seem to be reaching gradually in this direction. On the other hand, progress in the establishment of state civil service systems has been notoriously slow. This, one of the most fundamental objectives in state administration, has gone begging in more than three-fourths of the states.

THE LEGISLATIVE COUNCIL

The model state constitution sought to close the gap between the executive and legislative branches of the state government by providing for a legislative council, this to be composed of the governor and seven members chosen by and from the legislature. The duty of

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The Fifteen-Mill Limitation in Michigan

Adoption of tax limitation has not resulted in needed tax reforms

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The policy of tax limitation was adopted in Michigan by constitutional amendment in November 1932.[1] Based upon the Ohio plan of limitation, the amendment provided for a maximum tax rate limitation of 15 mills with an exemption for taxes levied for the payment of interest and principal on obligations incurred prior to December 8, 1932, the effective date of the amendment.[2] There was also a provision permitting an increase in the tax rate up to 5 per cent of the assessed valuation for a period of not more than five years, if approved by a two-thirds vote of the electorate, or when provided for by municipal charter. The phrase "when provided for by municipal charter" caused considerable controversy as to whether all governmental jurisdictions were subject to the limitation. The question was settled in the so-called Pontiac case[3] in which the Supreme Court held that the tax limit might be increased in the case of cities and villages operating under charters permitting the levy of a tax for municipal purposes in excess of the rate permissible under the amendment. Inasmuch as all of the cities and villages were operating under charters containing a tax limit, the effect of this decision was to exempt such units from the 15-mill limitation. It is futile to speculate concerning the results of an unfavorable decision by the court, but it is hardly an exaggeration to say that the situation would have been nothing short of disastrous if all units of government had been forced under the terms of the amendment immediately.

The electorate having adopted the amendment, it remained for the legislature to enact legislation setting up the machinery for putting the 15-mill limitation into operation; this was accomplished in the property tax limitation act[4] of April 1933 and in the revision of this act one year later.[5] There were three principal features of this legislation, *viz.*, (1) the creation of a county tax allocation board in each county to be composed of five members, three of whom were to be ex officio members and two to be appointed by the judge or judges of probate within the county; (2) the apportionment of the millage by the board among the various units within the county; minimum rates were specified in the act: one-tenth of one mill for each municipal corporation operating under a charter containing a maximum tax rate, three mills for the county, four mills for each school district, and one mill for each township; (3) any local unit that is dissatisfied with the final allocation of tax rates by the county board may appeal to the state tax commission for review and readjustment of the rates.

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[1] For a statement of the background of tax limitation and a treatment of the problems created by the measure, see Smith, Harold D., "Tax Limitation in Michigan," *Public Administration Service,* No. 36 (1934), pp. 62-66.

[2] At that time the total state and local debt amounted to approximately $750 million.

[3] *School District of City of Pontiac v. City of Pontiac,* 262 Mich., 338 (March 14, 1933).

[4] P. A. 1933, No. 62 (April 25, 1933).

[5] P. A. Extra Session 1934, No. 30 (March 28, 1934).

The adoption of the 15-mill limitation has had far-reaching effects on the administration of the general property tax. Time does not permit a consideration of the procedure involved in the assessment, levy, and collection of the property tax. It will suffice to say that the property tax has been converted from an "apportioned" to a "rated" tax, that is, the rate of tax is now determined in advance and applied to the assessed valuation to determine the levy. Prior to the limitation the first step in the process was the determination of the levy or the amount of revenue to be raised; this sum was then divided by the assessed valuation to arrive at the tax rate. The shift to a "rated" tax has in turn necessitated a change in budgetary procedure.

THE GENERAL PROPERTY TAX

In order to appreciate the full significance of the tax rate limitation, it is necessary to outline the position of the general property tax in the state and local tax systems. In 1932 state property tax collections amounted to 20 per cent of total receipts, while in the localities the property tax accounted for almost 90 per cent of total revenues. In the same year the total property tax collections amounted to 60 per cent of total state and local revenues, although the total state and local levy on property amounted to 73 per cent of total revenues.

Considered from another angle, the significance of the property tax is indicated by the fact that the total tax levy of the local units amounts to approximately 50 per cent of total taxes—federal, state and local—levied in the state of Michigan. In 1933 the total local levy was 56 per cent of the combined total of federal, state and local taxes levied in Michigan, although the figure declined to 44 per cent in 1934.

In view of the great reliance of the local units on the property tax as a source of revenue, it was to be expected that a reduction in the tax rate would be felt immediately. The adoption of the limitation actually involved a reduction in tax rates, because the tax rate in many of the eighty-three counties exceeded 15 mills in December 1932. In eleven counties, the average school tax alone exceeded 15 mills and in one county it was in excess of 24 mills. Furthermore, the trend of property valuations was downward,[6] so that any reduction in the tax rate, of necessity, meant a decline in the levy, at least, until an improvement in economic conditions would warrant an increase in assessed valuations. In addition, revenues were declining due to the high rate of tax delinquency throughout the state, amounting to 40 per cent in June 1933.[7] The effect of the 15-mill limitation, therefore, was to precipitate a problem of the first magnitude in the matter of local finance.

THE DILEMMA OF LIMITATION

Local officials were faced with the dilemma of how to obtain sufficient revenues for operating purposes. The imposition of additional fees or taxes was not practicable. Rigid restrictions were placed upon the use of both short-term and long-term credit. The limitation was applicable not only to taxes levied to meet current operating expenses, but also to taxes levied for the payment of interest and principal on debts incurred after the effective date of the amendment. In the case of many governmental units, a rate of 15 mills did not produce even enough revenue to meet operating expenses, so that an additional rate for new debt service could not be imposed. For those units, therefore, any increase in the short-term debt was automatically prohibited. Long-term borrowing was also affected because the amendment provided that a favorable vote on an increase in the tax rate would be effective for only five years; thus, the maturity period of bonds could not exceed five years. Under the circumstances, the localities sought to obtain financial relief from the state.

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[6] During the five-year period, 1931-35, the total assessed valuation for the state, as a whole, declined from $8.5 billion to $5.5 billion.

[7] U. S. Bureau of the Census, *General Property Tax Levies, Collections and Delinquency, State of Michigan,* (August 31, 1934) p. 4.

The state, however, was on the verge of a fiscal crisis at the time of the adoption of the limitation. During the fiscal year ending on June 30, 1933, revenues declined 25 per cent below the figure of $125 million in the preceding year; the deficit in the general fund increased $13 million or 150 per cent, while tax delinquency continued to mount at an alarming rate. The state was thus saddled with the double responsibility of solving its own problems and at the same time assisting the local units.

EFFECTS ON STATE FISCAL POLICY

The first measure to come up for consideration was that of the abandonment of the state levy on general property, which in 1932 amounted to approximately $23.5 million. There was included in this levy the amount of $3.5 million which was allocated to the University of Michigan and Michigan State College.[8] The state levy on property was repealed by the legislature in 1933, except for a rate of approximately eight-tenths of one mill which would produce $3.5 million for the two educational institutions. In other words, the state relinquished the levy of approximately $20 million in an attempt to ease the tax burden on property.[9] The effects of this measure are indicated in Table I, which shows the percentage of the total property tax levy arising within each layer of government.

TABLE I

Per Cent of Property Tax Levy by Various Jurisdictions to Total State and Local Property Tax Levy

Year	State	City and Village	School	County	Township	Rejected Tax
1931	11.41	36.58	29.17	16.87	5.85	.12
1932	10.84	41.34	28.34	15.74	3.67	.07
1933	2.19	44.51	31.02	18.88	3.32	.08
1934	2.21	44.21	32.16	18.80	2.61	.01

The state was not in a position to give up this amount of revenue without considerable financial embarrassment. It became necessary, therefore, to obtain additional funds from some other source. Consequently, the retail sales tax act[10] was adopted in June 1933, to become effective on July first of that year. In providing for the distribution of the proceeds of the tax, specific allocations were set up in the act in the amount of $31,700,000, of which $19 million was ear-marked for the general fund to make up for the loss of revenue from the state levy on property.[11]

TAX LIMITATION AND EDUCATIONAL REVENUES

A. *Pressure for Increased Aid to School Districts.* The abandonment of the state levy on property did not relieve the financial condition of the local units; in fact, the total local levy declined.[12] Moreover, the decline in the levy was accompanied by increasing tax delinquency. Under such circumstances, the pressure became very great for an increase in state aid.

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[8] In 1935 the state levy on property was abolished entirely.

[9] In that year, however, the total local levy declined approximately $37 million, or 19 per cent, while the total state and local levy decreased approximately $57 million, or 26 per cent.

[10] P. A. 1933, No. 167.

[11] In 1935 the retail sales tax act was amended and the entire proceeds of the tax are now credited to the general fund. P. A. 1935, No. 77.

[12] Note 9, *supra.*

Inasmuch as the school districts were already receiving state aid, the proposal was advanced for an increase in the amount received. If a sufficient amount of state aid were granted to any one of the local units, such aid would automatically make possible a greater millage for other local units. It was felt that the school districts were the logical units to receive such aid because, in the first place, the policy of state aid for education had been followed for many years, and secondly, the public schools were under the direct control of the legislature.

B. *The Property Tax as a Source of School Revenue.* Financing of the public school system has been seriously affected by the 15-mill limitation because of the great dependence financially of the schools on the general property tax. In 1923, for example, the property tax levy in the school districts accounted for 80 per cent of total school revenues; in 1933, the percentage of the school district levy to total school revenues was 73 per cent and in 1934 the figure declined to 67 per cent.

The school district levy on property and the public utilities tax, which is administered by the state tax commission, are the two main contacts between the general property tax and the system of educational revenues. Since the adoption of the 15-mill limitation, a slight change has occurred in the proportion of the general property tax levy in the school districts to the total state and local property tax levy. As is shown in Table I, this proportion amounted to 28 per cent in 1932, the year preceding the adoption of the limitation, while in 1934 it amounted to 32.2 per cent.

In addition to the school district levy on property, there is central assessment of the property of public utilities by the state tax commission, the tax being levied at the average general property tax rate for the state.[13] The proceeds of the public utilities tax, in conjunction with the inheritance tax, the tax on foreign insurance companies, corporate organization fees and a few other minor sources of revenue, are ear-marked for the primary school interest fund. The proceeds of the tax on public utilities constitute a major portion of this fund, having amounted to 58 per cent in 1934.

C. *Decline in School Revenues.* School revenues declined from $107 million in 1931 to $74 million in 1934. The effects of the limitation first appeared during the school year 1933-34, although a part of the decrease was due to a decline in assessed valuations.

The percentage decrease in assessed valuations, levies, and state rate on property is shown in Table II. It will be observed that assessed valuations declined 12 per cent during the fiscal year 1934, the first year of the limitation, as compared with a 16 per cent decline during the preceding year. In 1934, the total state and local levy declined 26 per cent, while the school levy declined by almost 36 per cent. These changes were due not only to the 15-mill limitation, but to the continuance of the depression, as well.

TABLE II

ANNUAL PERCENTAGE DECREASE IN ASSESSED VALUATION, LEVIES, AND STATE RATE ON PROPERTY

	Percentage Decline from Preceding Year				
	Assessed Valuation	Total State and Local Levy	School Levy	Av. State Rate of Taxation	Educational Revenues
1932	7.2	4.7	7.0	2.6*	5.9
1933	15.9	14.8	17.2	1.3*	15.8
1934	11.9	26.4	35.7	16.5	11.5
1935	2.3	.9	2.8*	1.5*	

*Increase over previous year.

The financial difficulties of the schools have been most pronounced in the school districts outside of incorporated cities.[14] This is due to the decision in the Pontiac case, in which it was held that home rule cities having separate limitations in their charters were exempt from the limitation. The schools in the townships, therefore, have had to share the allocation of the 15 mills with the state, county and townships, while the school districts in cities not under the limitation could use the full millage not allocated to the state and county.

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[13] The average general property tax rate is based on the rate for both operating and debt service, despite the fact that the levy for debt service is not included within the 15-mill limitation.

D. *Legislation Affecting State Aid for Education.* The pressure for an increase in state aid led to the enactment of the so-called Thatcher-Sias Act,[15] which became effective July 7, 1933. This act was passed for the purpose of providing both state aid and equalization; provision was made for the distribution to the public school system of an amount not to exceed $15 million, such funds to be obtained from the proceeds of the retail sales tax, in excess of specific allocations amounting to $31,700,000. In a special session of the legislature in 1933, the special school emergency fund[16] was created by the legislature ear-marking certain funds for distribution under the Thatcher-Sias Act. In this fund were included all proceeds from the retail sales tax in excess of the specific allocations referred to above, and the revenues from the excise and license taxes on liquor in excess of allocations amounting to $1,102,000.

A further expansion in the system of state aid for education was made in the Thatcher-Saur Act,[17] which became effective June 6, 1935. This act amends the financial provisions of the Thatcher-Sias Act of 1933 and appropriates from the general fund, in place of the $15 million provided for in the Thatcher-Sias Act, the sum of $36,040,000 in 1935-36, $37,400,000 in 1936-37, and $38 million thereafter, less the amount of the primary school interest fund.[18] The money can be used only for school operating expenditures. It was possible to make the appropriation from the general fund because of the amendment to the sales tax act in May 1935[19] which provided for the deposit of the sales tax proceeds to the credit of the general fund, instead of being earmarked for specific purposes as in the original act.

The Thatcher-Saur Act assures a gross financial program ranging from $65 for each pupil in districts having less than twelve persons, to $48 for each elementary child and $65 for each high school child in city districts. The net amount of educational aid granted to each district is the amount of the gross allowance less a sum equal to two and one-half mills on the equalized valuation of the property in the district, plus the current primary school interest fund receipts, plus tuition receipts, if any. The inclusion of the primary school interest fund in the appropriations is significant because any decrease in the fund through the operation of the 15-mill limitation amendment will be offset by an equivalent increase in the appropriation.

The result of the appropriations will be to increase the proportion of public school revenues furnished by the state from approximately 31 per cent to 53 per cent. It is significant also that education is coming to be generally considered as a state function and that this attitude is reflected in the new measure.

EFFECT OF THE LIMITATION ON MUNICIPALITIES

The 15-mill limitation is an issue of great interest in Michigan cities. At present the following nine cities are operating under the limitation: Flint, Pontiac, Saginaw, Grand Rapids, Muske-

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[14] Newton, R. Wayne, "Michigan Can Afford to Save the Schools," Michigan Education Association, Bulletin No. 28 (January 2, 1935) p. 8.

[15] P. A. 1933, No. 236.

[16] P. A. Extra Session 1933, No. 16.

[17] P. A. 1935, No. 192.

[18] Estimated to amount to approximately $14 million during the present fiscal year.

[19] P. A. 1935, No. 77.

TABLE III

City Tax Rates per $1,000 of Assessed Valuation

City	Population	1930	1931	1932	1933*	1934*
Battle Creek	43,573	35.60	35.60	34.20	32.89	30.60
Belding	4,140	50.48	49.14	47.26	38.19	33.45
Flint	156,492	41.74	35.21	32.70	31.15	27.48
Grand Rapids	168,592	33.85	32.12	30.26	30.96	31.44
Ionia	6,562	41.63	41.12	39.15	31.02	34.66
Jackson	54,870	30.61	32.04	29.82	28.61	25.96
Muskegon	47,390	36.30	36.43	33.22	30.39	32.13
Muskegon Hgts.	15,584	39.00	41.78	43.62	42.21	42.88
N. Muskegon	1,370	46.55	45.62	39.57	33.52	32.04
Pontiac	64,928	49.31	44.49	39.81	42.10	44.20
Saginaw	80,715	45.54	45.29	38.04	28.85	32.31

*Includes tax rate for service on debts incurred prior to December 8, 1932, which is exempt from the limitation.

gon, North Muskegon, Muskegon Heights, Battle Creek and Ionia. On November 5, 1935, the voters of Lansing rejected the limitation, while it was adopted in Jackson and Belding. Previously, the voters of Kalamazoo rejected the tax limitation and the Highland Park Commission, upon the request of a committee of fifty taxpayers, denied a request to place a 15-mill charter limitation amendment proposal on the city ballot of April 1, 1935. The tax rates in these cities, over a period of five years, are shown in Table III.

The available information indicates that the limitation has worked a severe hardship on the cities in which it has been adopted. Budgets have been thrown out of balance, adoption of illusory economies has been forced upon city administrations, such as the inability to provide adequate street maintenance, while municipal financial conditions have been further aggravated by demands that the localities furnish a substantial portion of the costs of welfare relief. Furthermore, city school systems have been seriously crippled with the adoption of an over-all tax limitation. In most of the cities, taxpayers were assured by the real estate group that the adoption of the limitation would be followed by an increase in state aid for education. As might have been expected, such aid has not been granted, and the 15-mill cities have found their available levy for schools reduced to approximately four mills. Most of the state aid for education is distributed on a school census basis. Any city that is unable to provide the minimum educational program is entitled to receive equalization aid. There is no premium or financial inducement for cities to adopt the limitation. In fact, the record thus far shows a net disadvantage for any city coming under the limitation.

The effects of the limitation have been quite similar in all the cities voting favorably on the question. All of the nine cities are now following drastic policies of retrenchment. The heaviest burden has fallen on the schools and city government. The schools have been forced to shorten the school year, cut teachers' salaries, as well as reduce the teaching staffs. City services have also been greatly reduced. The type of economies adopted has included items such as the closing of fire stations and reduction in the number of firemen, reduction in the number of policemen, elimination of street maintenance, reduction of street cleaning and sewage and garbage disposal, closing of city parks and reduction of recreational facilities. The advisability of charging fees for the use of city recreational facilities, garbage collection, and other services has been considered. In the city of Flint, which is the only city that has been operating under the limitation for a full year, monthly meter charges were levied on the public utilities—electricity, telephone, gas, and water. However, there is some uncertainty as to the legality of this step and the matter is now in the process of litigation. Consequently, the meter charges have not been paid, except by the municipally-owned water plant.

In view of these conditions, it may seem rather strange that the issue of tax limitation is still a lively one in the cities. It must be kept in mind, however, that a propaganda campaign has been developed, not only in Michigan but throughout the United States, for a reduction in the tax burden on real estate through the device of tax limitation. It is not surprising, therefore, that in Michigan the issue has been kept continuously before the public in the attempt to force all governmental units under the 15 mills.

EFFECTS ON ALL GOVERNMENTAL UNITS

In Table IV is shown the average tax rate in the various units of government over a period of five years. It is recognized that the rate in various governmental units may vary widely from the average for the group, but comparative tax rates will convey some idea of the extent to which governmental units have been affected by the limitation. In the computation of the tax rates for 1933 and 1934, the rate for debt service is excluded, inasmuch as operating expenditures, only, come within the 15 mills. The tax rate in the cities and villages declined by about 10 per cent in 1933, although it must be kept in mind that there are 472 cities and villages in the state and that only seven cities were operating under the limitation during 1934. The average tax rate shows an actual increase in the counties. The reduction in the state rate was offset by the adoption of a retail sales tax. On the basis of the figures for the two-year period, the burden of the limitation has fallen principally upon the school districts and townships; the former showing a reduction of 37 per cent in 1933 below that of 1932, and the latter showing a reduction of 24 per cent in 1933 and a total reduction of 40 per cent in 1933 and 1934.

HAS TAX LIMITATION SERVED AS A MEANS OF TAX REFORM?

The contention is frequently made by the proponents of limitation that one of the most desirable effects of limitation is that of serving as a means of tax reform. The experience in Michigan does not substantiate this contention. One of the first effects of the measure was to force the abandonment of the

TABLE IV

TAX RATES ON GENERAL PROPERTY

	State			City and Village			School			County		
Year	Operative	Debt	Total	Operative	Debt	Total	Operative	Debt	Total	Operative	Debt	Total
1930	3.49		3.49	11.18		11.18	9.43		9.43	5.29		5.29
1931	3.69		3.69	11.84		11.84	9.44		9.44	5.46		5.46
1932	3.56		3.56	13.56		13.56	9.29		9.29	5.16		5.16
1933	.60		.60	8.09	4.10	12.19	6.00	2.50	8.50	4.41	.77	5.18
1934	.62		.62	9.71	2.58	12.29	6.68	2.26	8.94	4.54	.69	5.23

	Township			Total for all units (Excluding debt service—1933 and 1934)
Year	Operative	Debt	Total	
1930	2.11		2.11	31.50
1931	1.89		1.89	32.32
1932	1.20		1.20	32.77
1933	.73	.18	.91	19.83
1934	.60	.12	.72	22.15

Source: Derived from Reports of the State Tax Commission.

state levy on property. To some extent this was an undesirable step because it tended to undermine the position of the state tax commission in the administration of the general property tax. In 1933 and 1934 there was a state levy of eight-tenths of one mill, although this was abolished in 1935. It would probably have been better to have continued the fractional mill levy, in order to maintain some degree of state supervision over local assessments.[20] Following the passage of the property tax limitation act in 1933, the state tax commission was practically eliminated from the administration of the general property tax, except for the central assessment of public utilities and the equalization, by the state board of equalization, of county assessments for the distribution of state aid for education. However, in the 1934 revision of the act there was a provision permitting aggrieved local units to appeal to the tax commission for review and readjustment of the millage as allocated by the county tax boards.

Another effect of the limitation was to force the adoption of the retail sales tax. While this seemed to be the only financial alternative for immediate utilization, due to some uncertainty regarding the constitutionality of an income tax, it was obviously not tax reform. The sales tax is considered as the most regressive of all taxes, its incidence being greatest upon persons with small incomes.[21]

Tax limitation was advocated also as a means of forcing the adoption of a personal income tax. The result of the limitation, however, was to erect another barrier to income taxation. The courts have held in a number of states,[22] as well as the United States Supreme Court,[23] that a tax on the income from property is the same as a tax upon the property itself. In the light of these decisions it would seem that an income tax could not be levied in Michigan in excess of 1½ per cent, or 15 mills.

It may be contended that the tax limitation has forced a reform in educational finance by making it necessary to expand the system of state aid. It is true that a proper expansion of state aid would be considered as tax reform, but the 15-mill limitation has tended to shift the emphasis somewhat as to the type of state aid to be granted. Prior to the limitation, the problem of school financing was primarily that of securing an adequate equalization fund; it is now necessary to provide funds for school districts which would previously have been able to support an educational program.

Finally, the limitation represents an attempt to prescribe uniform tax limitation for governmental units having nonuniform tax requirements. It is well known that per capita costs of government are higher in cities than in rural sections. It should be recognized that different types of communities have varying financial requirements and that uniformity cannot be forced by the simple mechanical device of tax limitation.

CONCLUSION

The tax limitation has not been in effect long enough for its full effects to be observable. Adopted during a period of economic depression when assessed valuations were declining it has had a restrictive influence on local government; increasing tax delinquency added

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[20] Mr. Newton suggested that the state millage should have been reserved "until other revenues have fully demonstrated their abilities to meet the state's requirements." *Op. cit.*

[21] For an illustration of the effects of the sales tax upon various groups of income receivers, see Walker, Mabel L., "Where the Sales Tax Falls," General Welfare Tax League, (March 1934).

[22] See especially *Bachrach v. Nelson,* 349 Ill. 579 (1932).

[23] *Pollock v. Farmers' Loan and Trust Company,* 157 U. S. 429; 158 U. S. 601 (1895).

Locally Shared State Revenues

Local governments increasingly dependent on states for support

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There is no magic whereby new and independent local taxes can be created. More and more local governments must look to the state for support if local government activities are to continue to expand.

The participation of local governments in state-administered tax revenues has increased rapidly in the post-war period. In 1912 about 8 per cent of the local share of state and local tax sources in the United States came from state-administered taxes. In 1928 this proportion had increased to nearly 15 per cent, in spite of the fact that meanwhile the total of local revenues had tripled. What the proportion is today for the entire United States can only be conjectured; but with shrinking real estate taxes and the generous—perhaps overgenerous—sums given from federal and state sources for relief aids it must have increased materially.

This increased dependence of local governments on the superior government for support is not peculiar to the United States. On the contrary centralization of revenue sources has been carried much farther in most of the post-war European states than here. With depleted resources, and a heavy burden of debt, uniform taxes and the economies of centralized tax administration were inevitable; and this in turn necessitated the sharing of these centrally-collected revenues with local governments. In England, where the central government has long been controlling and directing local activities through grants-in-aid, the local revenues from centrally administered sources have grown from one-fourth of total local revenues in pre-war years to nearly one-half of local revenues today. In Germany, where state and local governments alike have lost their most remunerative taxes to the Reich, state and local revenues from Reich taxes have grown from practically nothing to 40 per cent of state and local income. The Austrian revenue system has followed the same course; and similar tendencies are to be traced in Belgium, The Netherlands, and other countries.

The increasing use of locally-shared state revenues can be attributed to two motives. The first is improvement of the standards of local government. The second is improvement of the tax system itself. These are not, of course, mutually exclusive goals, and both motives can sometimes be traced in a single aid.

The long accepted device for controlling and directing local government activities is the subvention or grant-in-aid. Ordinarily the purpose for which the money is to be used is specified. Often it is designed to stimulate local governments to greater efforts by requiring the local government to match state funds dollar for dollar. The English percentage grant has set the pattern. In this way municipalities have been encouraged to build better school buildings, pay higher salaries to their teachers, and improve their rural highways.

Again state aid is conditioned on certain standards of local administration. Most English grants, while matching local expenditures, have permitted some discretion, on the part of the authority administering the grant, in the expenditures for which compensation is given. Expenditure matched must be approved expenditure; and the entire amount of aid may be withheld (although it rarely is) if, in the opinion of the central government inspector, the level of local administration falls too low. In this country state governments have usually been content to stimulate the local governments to spend, taking it for granted that more money will bring better schools and better highways. State inspection is the exception rather than the rule. Standards may be specified in the law, but little effort is made to determine whether local officials are maintaining the standards set for them.

Grants-in-aid need not, of course, depend on local expenditures. In fact, in recent years we have tended to reverse our policy. Matching local expenditures rewards the progressive community, and also the extravagant one. And we are beginning to see virtues in economy. Moreover, the backward community may be backward only because it is poor. Consequently more and more we are setting minimum standards of expenditure which, at least in the poor communities, are maintained largely at state expense. These equalization aids for schools are to be found in an increasing number of states. In New York State the largest part of the education aid is distributed on an equalizing base. So, also, is the town highway aid. The same form of aid is used for schools in England and in Prussia. Local governments may go beyond the minimum at will, but at their own expense.

CENTRALIZATION OF TAX RESOURCES

Turning to the second objective of the state in sharing state revenue with local governments—the improvement of the tax system—we find a shorter history and less widely accepted principles. What has actually happened is that centralization of tax resources has preceded centralization of governmental functions. This is the inevitable result of the extension of business activities over a continually widening area, together with the increasing cost of government. Local governments have long since ceased to represent natural economic units. Nothing short of the nation itself can be regarded as a natural economic unit. Consequently, taxes which will avoid double taxation on the one hand and tax evasion on the other must be nation-wide. And the inequalities which result from this double taxation and this tax evasion become increasingly intolerable as the tax burden grows.

The result of this is that state and national governments control an inincreasing proportion of the tax resources, both through the development of new sources and the appropriation of former local sources. And these they are sharing with local governments in increasing amounts, either as compensation for lost resources, or as new sources with which to meet threatened deficits. When the aim is compensation for lost revenue sources, the form of sharing is usually the return of a fixed percentage of the yield of a specified tax to the community of origin. This differs from the grant-in-aid in varying with the yield of a specific revenue source rather than with some measure of need. It varies also, in most instances, in not being dedicated to a specific function. When the aim is balancing local budgets the form of sharing is again the return of a fixed percentage of a specified tax, but on an equalizing base rather than to the community of origin.

SHARING STATE REVENUES

This brings us to the question as to which method of sharing state revenues with local governments is best. The answer depends, of course, on the purpose. If the purpose is to stimulate local activity, then the percentage or matching grant is best. If the purpose is to maintain uniform minimum standards, then some equalizing grant must be used, for there are communities too poor to maintain any reasonable minimum which the state may set. If the purpose is compensation for lost revenue sources, then the return of a fixed proportion of a specific tax to the community from which it came will serve the end in view. If the purpose is to balance local budgets, or reduce excessive local real estate taxes, the equalizing grant will again be called on.

It is my guess that the day of the percentage grant has passed. England, where it achieved its greatest development, is abandoning it, reluctantly, for equalizing aids. The states in this country are gradually introducing equalizing grants where formerly they matched expenditures for local funds, dollar for dollar. This tendency has been stimulated by depression; but it seems to be more than a depression phenomenon. The rapid growth of government activities means permanent pressure on the tax system.

It is also my guess that the return of a fixed proportion of a specific tax to the community from which it comes will be resorted to less and less. This is an ideal arrangement from the point of view of the wealthy urban community. It receives a large income, for which it has no responsibility to the taxpayer, from a source which it could not itself administer successfully. From the point of view of responsible and economical government, however, it is not to be tolerated. The German post-war experience with this device is most instructive. State and local governments in pre-war Germany depended on the income tax as much as our state and local governments have depended on the property tax. After the war this and other state and local taxes were appropriated by the Reich in order to conserve resources; but the larger part of the yield of the income tax, together with a substantial share in other Reich taxes, was returned to the state and local governments from whence they came. In Germany's brief period of prosperity, between stabilization and depression, there was an orgy of municipal extravagance, reminiscent of some of our own city governments, which is traceable in large part, although not entirely, to this financial system. When depression came the system broke down completely. The Reich has cut the revenues so distributed even beyond the decrease resulting from declining yields. And in so far as they are continued they are distributed in proportion to 1929 yields, not the current yield. By this simple device they have converted them into equalizing aids, since the industrial cities, which enjoyed the greatest prosperity in 1929, have suffered the most from depression.

We in this country have not carried this form of sharing as far as it has been carried in some European countries. But even the limited development of this device to be found in New York State has brought problems which should discourage its further expansion.

The form of locally-shared state revenue which is growing is the equalizing aid, whether for special functions or general use. This is inevitable if resources are to be economically administered. It insures the distribution of funds only to communities in genuine financial need. Even this brings difficulties, however. The wealthier communities do not always contribute cheerfully to the support of their poorer neighbors, and the technical difficulty of measuring relative need and ability is very great. More serious than these is the problem of central control of local expenditure when the contribution is coming principally from the state. There are towns in New York State, for example, obtaining three-fourths of their income or more from the state, and a great many school districts obtaining nine-tenths or more of their income from the state. Practically no control is exercised over the expenditures of these communities. Highway payrolls have been found in some of these towns which contain the name of every able-bodied man in the town—and some women; and the highways improved in many instances might better be abandoned, together with the occasional submarginal farm which they serve. Schools are to be found maintained (at state expense, of course) for one or two children, when transportation to a nearby school would cost less and provide the children with a better education. The fact is that the state is subsidizing parasitic communities which should be disbanded. This is a danger of all equalizing aids. Another danger is that poor but deserving communities will be pauperized by the system. It is just those communities that are receiving nine-tenths of their support from the state that are most insistent about the rights of local self-government. This is not hard to understand. Local self-government at the expense of someone else is naturally more attractive than local self-government which must be paid for by those enjoying it. But the lack of responsibility which comes from separating the spending from the taxing authority is most unfortunate, to say the least. Control can, of course, be applied, but controls adequate to insure wise expenditures, when the bulk of the income is supplied by the state, will leave only nominal local self-government.

WHAT IS THE SOLUTION?

This is the dilemma of state support of local government. No simple solution offers itself, but the problem is not, therefore, insoluble. It is apparent that state control must be extended as state aid is increased, and there are probably some poor and sparsely-settled areas where local government must be abandoned altogether. But all cities, and most rural areas, are still capable of a substantial measure of self-support. In the case of rural governments, consolidation into larger units will often be required. This reduces the need for state aid by reducing the cost of government on the one hand, and equalizing local resources on the other. To some extent the state may take over hitherto local functions supporting and administering them directly. The action of North Carolina and Virginia in taking over rural roads is a case in point. All of these are partial solutions of the problem; and if all were adopted there would still be a substantial sphere of local self-government remaining. But the local governments which hope for increasing state support with no loss of local independence are hoping for manna from heaven.

EDITOR'S NOTE:—Address delivered November 25, 1935 at the Forty-first Annual Conference on Government of the National Municipal League at Providence, R. I.

Governmental Responsibility for Unemployment Relief

Relief is the responsibility of government—federal, state, and local—and the federal government should continue to bear a share of the direct relief burden

HARRY GREENSTEIN *State Relief Administrator for Maryland*

THE emergency relief program in Maryland as we know it today is about two and one-half years old. If someone had predicted in 1933 that it would be only a matter of a few months before the state would have a social welfare structure which would embrace every county in Maryland, that person would probably have been regarded as something of a visionary and dreamer.

Two and one-half years ago we did not even have the authority or jurisdiction in Maryland to administer unemployment relief under public auspices. Only in a few of the counties were there any social workers or social work organizations. Public unemployment relief was unheard of. In most of our counties, relief activities centered around local chapters of the American Red Cross. In the less densely centered regions, groups of local citizens banded themselves together in emergency voluntary relief organizations. In many instances, churches and country stores were the only resources available to meet the distress caused by unemployment.

The average monthly aid per family in the counties in 1931 was $4.50; in Baltimore City $24.00. The average monthly relief in the counties under our public welfare program has risen from $4.50 in 1931, to approximately $24.00 per family; in Baltimore City from $24.00 to approximately $40.00 per month. The budgetary principles set up by the U. S. Children's Bureau were adopted; it being recognized that any relief program, to be effective, must maintain a normal, wholesome life for families, and that health and morale should not be overlooked.

There has not, however, been any attempt to regiment or standardize relief policies or practices throughout the state. The various sections of the state are diametrically different from each other in so far as people and geographical conditions are concerned. Southern Maryland is closely akin to the deep south, and the Eastern Shore has very little in common with Western Maryland. Baltimore City, of course, is in a class all of its own. It was therefore felt it would be futile to impose upon the state as a whole a uniform relief program. We could have done this, were we so minded—we had the power, we had the money; but it would have been thoroughly unsound and very unwise from every point of view. We felt we had no right to fly entirely in the face of community feeling, community traditions, community thinking. So the relief program was decentralized and administered through representative boards in each of the local subdivisions. These boards were given full administrative power, subject, of course, to the general direction and supervision of the state office.

Perhaps the greatest contribution

made to the public welfare program in Maryland was the enlisting of the support and coöperation of key men and women who composed these boards, and who regarded this relief program as their own. And it is their program because they have helped to shape its policies; they have given of their time without stint or limit. It has been made a definite rule not to initiate any state policies of a state-wide character without calling into conference the chairmen of these boards. Regional meetings have been held with all of the county welfare board members in different sections of the state, which resulted in intelligent, thoughtful discussion and participation. Because of this the welfare boards are a tower of strength. With the help of these men and women, the passage of a bill was secured at the last session of the legislature which has modernized and legalized an all-inclusive, well-rounded public welfare structure.

From the very start of our relief program in 1933, we had one objective in mind—we were not interested merely in administering an emergency relief program. Every move made was considered from the point of view of developing a permanent public welfare structure in the state. We tried to take a long-range point of view with regard to relief, thinking of it only as one department, although an extremely important department, of a complete welfare program.

We were in a peculiarly fortunate position to be able to do this. Maryland happens to be one of the few states where the so-called emergency relief program, and the normal welfare activities of the state were administered by one state agency. There was no antiquated machinery to scrap, no vested interests to worry about, no personality problems from a departmental or professional point of view to be concerned with. Because unemployment relief and the regular welfare activities were under the same auspices, it was possible to launch our program from the point of view of ultimate rather than immediate objectives. We kept rigidly in mind the fact that the day would come sooner or later when unemployment relief would no longer dominate the entire picture. For this reason, our county welfare boards were set up with an eye to the time when they might be in a position to administer not only relief, but also act as public welfare units in each county in the state. This is the primary reason why we were so responsive to local opinion, and why we tried to develop an acceptance and an understanding of the relief program on the part of the local communities.

LEGISLATION SECURED

We were then ready for the next step, and when the legislature met the early part of this year, we were quite prepared. For months prior, we had been busily engaged in drafting a law to enlarge the jurisdiction and authority of the state agency so that it might operate as a central and coördinating department over all public assistance activities. It passed the legislature without any amendments. This bill legalized the county welfare boards already set up, and converted them into county public welfare units. Each board was given full authority to administer not only unemployment relief, but also old age pensions, child-care activities, and collateral public welfare functions.

In addition, the state department was vested with complete jurisdiction to fix the salaries, and the number of personnel to be employed in each unit, with full control and direction over all public welfare activities to which the state contributes either in whole or in part. All personnel to be employed, from the head of the state department down to the lowliest employee, were included in the state merit system, subject to competitive examinations, but fully protected by law so that partisan politics would have no place in the administration of the public welfare program in the state. This was undoubtedly the most constructive step thus far taken in the development of our program.

PERSONNEL

All too frequently we make the mistake of concentrating on the passage of social legislation and then give too little thought to the question of how this legislation is to be administered. Let us not forget that in the final analysis a social welfare program is only as good or as bad as the people who are entrusted with its direction. It is of the utmost importance that political considerations be completely divorced from the administration of relief activities, otherwise public welfare in this country will be completely discredited. For this reason, it was decided that no one who was a member of either the Republican or Democratic committees could be eligible for appointment on the boards, nor could anyone who held either appointive or elective political office serve as a member.

But quite aside from integrity of purpose in the administration of our public welfare program, there is an equally important responsibility which must be faced. During the past few years we were laboring under the terrific handicap of having to build our organizations almost overnight. There was no trained personnel; no background of experience by which to be guided. One of the most important tasks ahead in governmental welfare programs today is to secure skilled personnel, to protect them on their jobs, and to provide them with professional opportunities and incentives. Point out the states which have an adequate professional staff and you will see state programs which are going ahead. On the other hand, point out those states with poorly equipped, politically appointed personnel and you will see states which have not as yet, and never will, make any real progress in the development of a worth while public welfare program.

FEDERAL RESPONSIBILITY

In 1933, for the first time in the history of the federal government, a vital national principle was established, namely, that government does owe a responsibility for the relief of distress caused by widespread unemployment. During the past two and a half years, total expenditures for emergency relief in this country amounted to $3,543,000,000. Of this total the federal government contributed over $2,524,000,000 or slightly more than 71 per cent. The state governments made available $435,000,000 or 12 per cent, while the local governments provided $584,000,000 or nearly 17 per cent. Maryland has financed its part of the relief program entirely through state funds, and has raised over $16,000,000 for this purpose from 1933 up to the present time. It is interesting to note that for the five-year period, beginning July 1, 1930 and ending June 30, 1935, almost two-thirds of the total state contributions for relief came from New York, Pennsylvania, Illinois, and New Jersey.

If the contributions made by some of the states for unemployment relief during the past two and one-half years are analyzed, it will be found that in many areas the federal government has carried nearly the entire relief burden. I have no criticism to make of the distribution of federal relief funds, but I cannot see how those states which have been unable to meet their own relief problems in the past two years can now do so. Even after the relief rolls have been reduced by three and one-half million persons through the works program, there will still remain a large residual group which cannot be cared for by the states alone. Very few of the states at the present time are in a financial position to take care of their direct relief problem. The announced federal policy of complete withdrawal from direct relief, if carried out, is going to cause untold misery and suffering during the coming months. We already know that in certain sections, when direct relief was discontinued, that families were not cared for—the local communities were either unwilling or unable to meet this situation, and the private agencies had no resources to take care of the problem.

Many states have already been given their final direct relief grant. Some of the gains made in the past are now in danger by the imminent, if not actual, liquidation of the Federal Emergency Relief Administration. The apparent unwillingness of the federal government to continue direct relief presents one of the most serious problems facing the country today. The implication is that to give direct relief is an improper function for the federal government to perform. I cannot share this point of view. If we accept the philosophy that participation in a direct relief program is not a proper responsibility on the part of the federal government, then certainly the states and local units are justified in taking a similar position.

I would plead at this time for a continuance of federal responsibility in a direct relief program. Relief should not be financed exclusively by the federal government, but the principle incorporated in the social security bill should be followed, namely, partnership between the federal government, the states, and the local units. It is also important that a carefully worked out equalization plan be developed so that each state shall bear its proper portion of the financial costs to the extent that its resources permit. We will have to stop using the term "emergency" in relief activities. Any program which has continued for nearly two and one-half years can hardly be classified under the heading of "emergency." Relief, whether we like it or not, will be with us for a long time to come. It is important to recognize that even if the economic system gets back to the 1929 rate of production, there will be millions of men and women who cannot be reabsorbed in industry, and must be cared for in some way. It is tragic, but unfortunately true, that we now have on our hands an army of permanent unemployed and so-called unemployables. This will require large appropriations on the part of the state and local governmental units, but it will also be necessary for the federal government to remain in the relief field.

The day has long since passed when private charity can take care of the relief problem. The day has likewise passed when the states alone can meet the unemployment relief burden, especially when caused by mass unemployment on a countrywide basis. This is the responsibility of government—federal, state and local—and it is to be hoped that this responsibility will be accepted and administered in the future on a basis leaving to the states and local units as much autonomy as possible in the development of their respective programs, but with the definite acceptance of responsibility by the federal government of minimum social standards and a sharing of financial costs.

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Comparative Tax Rates of 301 Cities, 1935

Figures for the cities reporting in both 1934 and 1935 show a reduction in both the total tax rate and the adjusted tax rate for 1935

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THE accompanying tabulation presents in condensed form the tax rates upon property for the current year in 301 cities in the United States and Canada.

The purpose of the tabulation has been set forth before—that of making available in comparative form accurate and concise information as to current tax rates per $1000 assessed valuation of the cities. Since the depression there has been a renewed interest evidenced in the subject of expenditures of both the federal, state, and local governments, and in the manner of their financing. The literature put out upon the subject has grown apace. Legislation, too, has enriched the statute books—not invariably to the benefit of the tax spender or even the taxpayer. The interest in local tax rates will continue so long as 40 per cent of our population resides in communities of over 30,000, two-thirds of whose revenues are derived from that source.

The form of presentation is similar to that of prior years, and is largely self-explanatory in the column headings. Slight modification was made this year, in the omission of data relating to dates of tax collection, while the first penalty date and number of instalments in which taxes are payable were substituted. The cities are arranged in order of population by the five census groups, the 1930 census figures still being accepted. For the Canadian cities which follow, the latest available census figures were used.

The total assessed valuation is reported in the next column, followed by the respective percentages of realty and personalty represented in the total reported assessment. In the Canadian cities, personal property is not assessed, but the assessments of business and income found in some provinces, which are taxed at the same rate as realty, are included with the realty valuation.

Next follow the date the city's fiscal year begins, the first date city taxes are subject to penalty, and the number of instalments in which city taxes are payable. It is impossible to indicate the fiscal years of the various subdivisions other than the city upon which taxes are paid by city property and the special provisions regulating payment of taxes for these other units when collection is not made by the city. Personal property not uncommonly has a different penalty date than real estate, but this refinement is omitted. Provisions are found to have been liberalized in the matter of paying taxes. Payment in as many as twelve instalments is permitted in several cities, quarterly payments becoming increasingly popular. Further inducement is offered in many cases in the form of discounts, while the penalty rate is being softened.

The next five columns report the tax

rates per $1000 assessed valuation, showing separately the rates for city, school, county, and state purposes, and the total. It is the objective of the tabulation that this total rate should represent the total of the one or more tax bills for all purposes upon a single parcel of property assessed at $1000—except for those cities in which the legal basis of assessment is not 100 per cent of full value. For these exceptions adjustment of the actual rates to a uniform 100 per cent basis has been made to facilitate comparison, and is indicated by an "A" following the total rate, with a footnote explanation of the basis of adjustment. When a rate is so adjusted, however, it should be noted that the assessed valuation to which it applies has not been correspondingly adjusted, as it is desired to show only the actual assessed valuation in each city.

The last two columns report the best judgment as to what the total tax rate would be if the assessments of all the cities were made by a single assessor or by uniform assessing standards at full value. The purpose of the final column is to indicate the relative tax burden upon each unit of valuation, as opposed merely to the tax rate upon that property. Many practical difficulties arise in assessing all the properties in any one city upon a uniformly equitable basis. When applied to many cities, these difficulties are multiplied, as even an incentive for uniformity does not always obtain. While the ratios are only estimates, they afford the best known available measure of the comparable tax load. A growing reluctance has been shown to estimate this ratio—even though it is accepted that deviation from the legal basis is employed, due in part to inactivity in real estate, and the absence of recent checks upon assessments. Generally in such cases prior years' ratios are continued. The Tax Policy League, in its October number of *Taxbits*, has summarized by states the legal and estimated actual bases of assessment.

It is of course impossible to report in a single line all the information sought to be shown for each city. The complications arising have been indicated in previous years—the multiplicity of overlapping taxing units within a city, the deviations in boundaries, and different bases of assessing; the variation in distribution of costs between units, as library, school debt service, etc.; the budget procedure which affords but a single rate for all purposes; classification of property, particularly personalty, and the graded tax law, as found in Pittsburgh and several Canadian cities, etc. These modifying factors restrict the presentation and utility of the table for comparative purposes. So far as possible, however, these refinements are referred to in footnotes. It is cautioned that conclusions may be drawn safely about any city only after reference is made to these footnotes.

RANGE OF RATES

Analysis of the total tax rate column shows a wide range in rates, from $114 for Charleston, S. C., to $15.00 for Steubenville. For the Canadian cities, a narrower range is found, from $39.98 for London to $26.22 for Winnipeg. In Group I cities, Chicago is high, $71.20, and Baltimore low, $25.50; in Group II, the range is from $49.20 in Portland to $15 in Washington; excluding Washington, Cincinnati is low, with $16.86; Group III, Jacksonville, with a rate of $62.88, to Canton, with $17.00; in Group IV, Charleston as reported, to Wheeling $14.55 (adjusted); and for Group V, from Waukegan, $74.00, to Steubenville, as above stated.

The unweighted average total tax rate for the 301 cities reporting is $35.20. This compares with $34.86 for 261 cities reported in 1934, or an increase of 34 cents. The cities of the United States show an increase in the average from $34.94 to $35.34, or 40 cents; the Canadian cities, a reduction from $33.62 to $32.74, or 88 cents. The median total tax rate is $34.00.

Limiting the comparison of total rates to 249 cities reporting in both 1934 and 1935, it is found that the unweighted average total rates are $34.96 and $34.43, respectively, or a reduction of 53 cents. The 233 comparable cities in the United States are down 53 cents, to $34.55, and the 16 Canadian cities are down 55 cents, to $32.74. This reduction reverses the trend reported one year ago, and is emphasized when correlated with valuations.

An analysis of the cities to show this correlation discloses for 233 cities in the United States, that 116 of the number reduced assessments, 46 increased assessments, and 71 reported no change. Of the 116 cities, 51 also reduced the total rate, 46 increased, and 19 had no change in rate. Of the 46 cities raising assessments, 31 reduced their rate, 9 increased, and 6 reported no change. Of 71 cities reporting no change in valuation, 30 had a reduced rate, 23 an increase, and 18 no change. For 16 cities in Canada, 13 reduced assessments, of which 6 increased, 4 reduced, and 3 had no change in total rate; and 3 cities reported no change in valuation, 2 increasing and one reducing the total rate; none increased its valuation for 1935.

The column "Adjusted Tax Rate," which estimates the tax burden upon property, discloses that the load is not as heavy as the total tax rate implies. In this column the rate reflects the charge upon property directly in proportion as the ratio of assessing, as shown in the preceding column.

The range of adjusted rates is from Union City, with $47.17, to Winston-Salem, with a $11.70 rate. For the Canadian cities, a smaller spread is noted, from Hamilton, with $39.50, to Vancouver, with $20.06. For the United States, Boston is high, $37.00, and San Francisco, low, $19.15, in Group I; in Group II, Jersey City, $42.78, to Cincinnati, $14.33; Group III, from Fall River, $42.00 to Columbus, $12.11; Group IV, Union City to Winston-Salem, both rates already reported; and for Group V, from Clifton, $44.60, to Lorain, $13.12. The median of the adjusted rates is $25.19.

The unweighted average adjusted rate for 301 cities is $25.95. In 1934 this average was $26.34 for 261 cities. A net reduction of 39 cents is reflected, therefore, from one year ago. The cities in the United States dropped 30 cents, to $25.70, and the Canadian cities, 86 cents, to $30.37.

Limiting the comparison to the 249 comparable cities for 1934 and 1935, the average adjusted rates are $26.34 and $26.13, respectively, or a decrease of 21 cents for this year. The United States cities decreased from $26.03 to $25.84, or 19 cents, while the 16 Canadian cities dropped from $30.75 to $30.37, or 38 cents.

ASSESSED VALUATIONS

The total rates shown (except those marked "A") are applied to the assessed valuations reported. The valuation of the 301 cities for 1935 is $70,672 millions, of which $3,429 millions are in the Canadian cities. The per capita average assessments by census groups, beginning with Group I, are $1,711, $1,481, $1,172, $1,236, and $1,157, respectively, or a grand average per capita of $1,453. The Canadian per capita is $1,193. Compared with 1934, these figures reflect a downward trend of $62 per capita.

This trend is reflected more exactly when limited to the 249 cities reporting in both 1934 and 1935. The total valuation of these cities in these years was $67,916 millions and $66,670 millions, respectively, or a reduction of 1.84 per cent for 1935. The Canadian figures were $3,505 millions and $3,429 millions, respectively, of the above totals. The average per capita assessment for the 233 cities in the United States is $1,483, as compared with $1,511 last year. For the 16 Canadian cities, the per capita average is $1,193, compared with $1,220 one year ago. For the 249 cities, the per capita averages are $1,465 in 1935 and $1,493 in 1934, or a net loss of $28 per capita. The recession found in recent years is slowing down, and indications are for an upward swing of assessments. Wider fluctuations are recorded over a period of years in assessed valuations than in tax rates, the latter tending to remain fairly constant for any city.

To the extent that a city or other subdivision has other sources of revenue to supplement the property tax, the tax rate is not an ultimate index of its costs. And such relief is being afforded property through other forms of taxation in recent years, as evidenced by the withdrawal of several states from this field. Nor does the tax rate serve as a gauge of effectiveness of administration, the only test of which is an analysis of expenditures. But the tax rate continues to afford much of interest about local revenues, especially when related to assessed values. Investors in municipal securities, for example, are giving renewed attention to municipal taxation—to tax rates, limits, levies, and collections. Tax limitation—a myopic malady rather than a cure-all—results in penalizing cities in many ways, handicapping them in both operating and borrowing policies. It is unfortunate that other rational and practical solutions of the complex problems of public finance are not substituted.

This is the fourteenth annual compilation of these data. The tabulation was made possible only through the coöperation and interest of a large number of public officials and citizen agencies who approved of its purpose. Their assistance is acknowledged by the compilers. Questionnaires were sent, as usual, to 310 cities in the United States, and 17 in Canada, with the results here presented.

(See following pages for tabulation.)

THE DISAPPEARANCE OF HOME RULE

(Continued from Page 662)

local self-government be wrested from him by a greedy state? And if this be so, need the citizen of North Carolina or Virginia be censured for his complacency in the face of the transfer of important functions of government from the counties to the state? With individual horizons widening on every side, need there be alarm at the expansion of the conception of home rule to include areas foreign to the neighborhood?

And if not, where shall we stop? And Echo answers "where"?

Yet there must be definition else the concept itself disappears. Presumably the point must be reached where our present knowledge of controls is inadequate to the task. All too little do we understand about the relation of the voter to his government, all too little has been attempted in the way of creative research on this phase of government to develop new machinery to enable the citizen to exert influence upon the policies and administration of a faraway government.

New research and new thinking is needed here.

COMPARATIVE TAX RATES OF 301 CITIES FOR 1935
Compiled by the Detroit Bureau of Governmental Research
From Data Furnished by City Officials and Members of the Governmental Research Association

No.	City	Census 1930	Assessed Valuation	Per Cent		City Fiscal Year Begins	First Date City Taxes Are Subject to Penalty	No. of Install-ments In Which City Taxes Are Payable	Tax Rate Per $1,000 of Assessed Valuation on Uniform 100% Legal Basis of Assessment					Estimated Ratio of Assessed Value to Legal Basis (Per Cent)	Adjusted Rate	No.
				Realty	Per-sonalty				City	School	County	State	Total			
	GROUP I															
	Population 500,000 and Over															
1	New York, N. Y.[1]	6,930,446	$16,649,771,199	100	—	Jan. 1	May 1	2	$22.95	$ 4.55	$ .70	$ N	$28.20	92	$25.94	1
2	Chicago, Ill.[2]	3,376,438	2,274,558,142	71	29	Jan. 1 '34	Nov. 1 '35	2	40.00	23.60	7.60	N	71.20	37	26.34	2
3	Philadelphia, Pa.[3]	1,950,961	3,723,033,341	78	22	Jan. 1	July 1	1	17.50	9.25	N	N	26.75	90	24.08	3
4	Detroit, Mich.	1,568,662	2,240,596,230	80	20	July 1	Aug. 1	2	16.95	7.53	4.94	.60	30.02	100	30.02	4
5	Los Angeles, Cal.[4]	1,238,048	1,273,901,225	91	9	July 1	Dec. 5	2	18.30	11.90	13.80	N	44.00	50	22.00	5
6	Cleveland, Ohio[5]	900,430	1,165,528,575	90	10	Jan. 1	Dec. 20	2	14.34	9.52	6.04	N	29.90	80	23.92	6
7	St. Louis, Mo.	821,874	1,030,373,704	93	7	Apr. 9	Jan. 1	1	17:40	8.50	N	1.50	27.40	80	21.92	7
8	Baltimore, Md.[6]	804.874	1,829,881,978	61	39	Jan. 1	July 1	1	19.00	4.30*	N	2.20	25.50	100	25.50	8
9	Boston, Mass.	781,188	1,650,000,000	92	8	Jan. 1	Oct. 1	10	22.58	9.35	2.14	2.93	37.00	100	37.00	9
10	Pittsburgh, Pa.[7]	669,817	1,172,084,770	100	—	Jan. 1	Apr. 1	4	15.24	11.25	7.38	N	33.87	65	22.02	10
11	San Francisco, Cal.[8]	634,394	813,962,751	85	15	July 1	Dec. 5	2	30.35	6.47	N	N	36.82	52	19.15	11
12	Milwaukee, Wis.[9]	578,249	857,898,150	92	8	Jan. 1	Feb. 16	1	14.63	10.64	7.52	.11	32.90	90	29.61	12
13	Buffalo, N. Y.	573,076	962,298,300	100	—	July 1	Aug. 1	2	15.74	6.53	6.12	.21	28.60	82	23.45	13
	GROUP II															
	Population 300,000 to 500,000															
14	Washington, D. C.[10]	486,869	1,196,724,764	71	29	July 1 '34	Oct. 1	4	10.04	4.96*	N	N	15.00	100	15.00	14
15	Minneapolis, Minn.[11]	464,356	262,329,713	85	15	Jan. 1	June 1	4	16.68	11.64	3.30	4.28	35.90A	100	35.90	15
16	New Orleans, La.[12]	458,762	511,891,119	71	29	Jan. 1	Oct. 1	3	18.28	5.95	4.50	5.75	34.48A	80	27.58	16
17	Cincinnati, Ohio	451,160	816,496,640	92	8	Jan. 1	Dec. 20	10	8.15	5.59	3.12	N	16.86	85	14.33	17
18	Newark, N. J.[13]	442,337	1,018,249,053	72	28	Jan. 1	Feb. 1	4	19.63	6.54	4.72	2.71	33.60	100	33.60	18
19	Kansas City, Mo.[14]	399,746	473,000,000	—	—	May 1	Oct. 1	1	15.00	13.98	7.20	1.61	37.79A	80	30.23	19
20	Seattle, Wash.[15]	365,583	237,667,445	82	18	Jan. 1	June 1	2	10.78	7.58	7.50	3.37	29.23A	94	27.48	20
21	Indianapolis, Ind.	364,161	506,595,780	74	26	Jan. 1	May 7	2	12.40	8.90	3.00	1.50	25.80	80	20.64	21
22	Rochester, N. Y.[16]	328,132	632,748,793	100	—	Jan. 1	Feb. 1	4	19.69	8.53	5.33	.21	33.76	83	28.02	22
23	Jersey City, N. J.[13]	316,715	616,760,009	95	5	Jan. 1	Feb. 1	4	24.84	6.25	8.69	3.00	42.78	100	42.78	23
24	Louisville, Ky.[17]	307,745	380,500,000	95	5	Sept. 1 '34	July 1 '34	1	21.60	—	3.80*	3.00*	28.40*	85	24.14	24
25	Portland, Ore.[18]	301,815	288,608,985	92	8	Dec. 1	Mar. 16	4	21.40	11.60	11.15	5.05	49.20	54	26.57	25
	Group III															
	Population 100,000 to 300,000															
26	Houston, Texas	292,352	265,000,000*	85	15	Jan. 1	Jan. 1	1	19.00	11.40	9.70	6.20	46.30	50	23.15	26
27	Toledo, Ohio	290,718	370,084,000	91	9	Jan. 1	Mar. 20	2	9.68	8.82	3.10	N	21.60	80	17.28	27
28	Columbus, Ohio	290,564	345,430,550	92	8	Jan. 1	Jan. 20	2	7.30	6.80	3.20	N	17.30	70	12.11	28
29	Denver, Colo.	287,861	348,291,840	76	24	Jan. 1	Mar. 1	2	15.75	14.60	N	3.40	33.75	85	28.69	29
30	Oakland, Cal.[19]	284,063	257,125,840	83	17	July 1	Dec. 5	2	19.80	13.72	14.38	N	47.90	50	23.95	30
31	St. Paul, Minn.[11]	271,606	134,365,491	83	17	Jan. 1	May 31	2	16.42	9.15	7.64	4.49	37.70A	—	37.70	31
32	Atlanta, Ga.	270,366	345,000,000	71	29	Jan. 1	Oct. 16	3	7.65*	7.35*	11.00	4.00	30.00	100	30.00	32
33	Dallas Tex.	260,475	243,703,900	75	25	Oct. 1	Dec. 1	2	14.92	9.38	7.60	7.70	39.60	45	17.82	33
34	Birmingham, Ala.[20]	259,678	150,628,308	87	13	Sept. 1	Jan. 1	1	6.90	6.60	4.20	3.90	21.60A	67	14.47	34
35	Akron, Ohio	255,040	266,000,000*	85	15	Jan. 1	Feb. 20	2	12.49	10.16	3.75	N	26.40	50	13.20	35
36	Memphis, Tenn.	253,143	276,550,475	90	10	Jan. 1	Sept. 1	4	14.80	6.50	9.10	.80	31.20	100	31.20	36
37	Providence, R. I.[21]	252,981	492,243,300	84	16	Oct. 1 '34	Oct. 24 '34	4	16.88	6.66	N	.96	24.50	100	24.50	37
38	San Antonio, Texas	231,542	205,916,230	80	20	June 1 '34	June 1	5	14.30	10.00	6.20	6.90	37.40	75	28.05	38
39	Omaha, Neb.	214,006	240,601,031	73	27	Jan. 1	Mar. 1	2	14.89	14.00	4.95	2.15	35.99	70	25.19	39
40	Syracuse, N. Y.	209,326	378,558,171	100	—	Jan. 1	June 1	2	14.07	6.24	4.13	.22	24.66	86	21.21	40

COMPARATIVE TAX RATES OF 301 CITIES FOR 1935—(Continued)

No.	City	Census 1930	Assessed Valuation	Per Cent		City Fiscal Year Begins	First Date City Taxes Are Subject to Penalty	No. of Installments In Which City Taxes Are Payable	Tax Rate Per $1,000 of Assessed Valuation on Uniform 100% Legal Basis of Assessment					Estimated Ratio of Assessed Value to Legal Basis (Per Cent)	Adjusted Rate	No.
				Realty	Personalty				City	School	County	State	Total			
41	Dayton, Ohio[22]	200,982	278,725,344	90	10	Jan. 1	——	10	10.69	6.06	3.45	N	20.20	—	20.20	41
42	Worcester, Mass.	195,311	292,929,400	89	11	Dec. 1	Oct. 1	2	25.71	7.91	1.11	1.07	35.80	100	35.80	42
43	Oklahoma City, Okla.[23]	185,389	110,608,994	86	14	July 1	Dec. 1	4	15.49	18.45	9.98	N	43.92	40	17.57	43
44	Richmond, Va.[24]	182,929	251,266,637	89	11	Feb. 1	July 1	2	14.50	7.50	N	N	22.00	87	19.14	44
45	Youngstown, Ohio	170,002	268,754,696	94	6	Jan. 1	Apr. 20	2	7.92	7.51	2.37	N	17.80	80	14.24	45
46	Grand Rapids, Mich.	168,592	184,647,123	83	17	Apr. 1	Aug. 1	6	10.52	8.51	5.13	.64	24.80	100	24.80	46
47	Hartford, Conn.	164,072	355,064,190	88	12	Apr. 1	May 2	4	16.45	8.85	.64	.76	26.70	100	26.70	47
48	Fort Worth, Texas[25]	163,447	169,261,424	78	22	Oct. 1 '34	Oct. 1 '34	2	20.20	11.00	8.30	7.70	47.20	55	25.96	48
49	New Haven, Conn.	162,655	310,942,766	86	14	Jan. 1	Feb. 1	2	15.33	10.95	.55	.67	27.50	100	27.50	49
50	Flint, Mich.	156,492	170,305,790	89	11	July 1	Aug. 1	4	14.05	11.66	4.02	.70	30.43	100	30.43	50
51	Nashville, Tenn.	153,866	153,408,426	71	29	Jan. 1	Oct. 1	2	18.50	3.50	7.00	.80	29.80	100	29.80	51
52	Springfield, Mass.	149,900	281,852,280	91	9	Jan. 1	Nov. 1	2	18.48	8.54*	1.55	1.43	30.00	100	30.00	52
53	San Diego, Cal.	147,995	136,721,360	90	10	July 1	Dec. 5	2	23.50	13.35	14.95	N	51.80	44	22.79	53
54	Bridgeport, Conn.	147,716	234,551,175	83	17	Apr. 1	May 1	2	21.81	9.15	.27	.57	31.80	80	25.44	54
55	Scranton, Pa.[26]	143,433	121,733,600	100	—	Jan. 1	Apr. 1	4	15.71	17.50	11.00	N	44.21	50	22.11	55
56	Des Moines, Ia.[27]	142,559	136,081,325	84	16	Apr. 1	Jan. 1	1	18.69	20.19	9.82	.55	49.25	60	29.55	56
57	Long Beach, Cal.[28]	142,032	162,841,615	96	4	July 1	Dec. 6	2	17.00	15.50	13.80	N	46.30	50	23.15	57
58	Tulsa, Oklahoma[23]	141,258	101,238,554	96	4	July 1	Nov. 1	4	24.31	20.37	8.38	N	53.06	60	31.84	58
59	Salt Lake City, Utah	140,267	147,607,410	88	12	Jan. 1	Nov. 30	12	13.00	11.15	5.98	9.50	39.63	70	27.74	59
60	Paterson, N. J.	138,513	183,199,872	91	9	Jan. 1	Feb. 2	4	19.83	8.53	6.43	2.61	37.40	75	28.05	60
61	Yonkers, N. Y.	134,646	326,024,075	100	—	Jan. 1	Feb. 1	4	21.78	8.58	3.14	.47	33.97	90	30.57	61
62	Norfolk, Va.[29]	129,710	169,970,175	91	9	Jan. 1	Dec. 5	1	28.00	—	N	N	28.00	67	18.76	62
63	Jacksonville, Fla.	129,549	85,382,240	89	11	Jan. 1	June 1	1	18.60	10.00	28.78	5.50	62.88	50	31.44	63
64	Albany, N. Y.[29]	127,413	236,774,545	100	—	Jan. 1	Apr. 1	1	27.46	—	5.91	.23	33.60	74	24.86	64
65	Trenton, N. J.	123,356	174,234,191	89	11	Jan. 1	Feb. 1	4	16.83	10.59	6.77	3.01	37.20	80	29.76	65
66	Kansas City, Kansas	121,857	91,931,895	70	30	Jan. 1	Dec. 20	2	18.10	16.00	12.24	2.06	48.40	49	23.72	66
67	Chattanooga, Tenn.	119,798	112,319,660	92	8	Oct. 1 '35	Mar. 1 '36	1	13.76	4.84*	12.30	.80	31.70	—	31.70	67
68	Camden, N. J.	118,700	150,596,915	82	18	Jan. 1	Feb. 1	4	21.23	9.17	9.68	2.92	43.00	80	34.40	68
69	Erie, Pa.	115,967	145,505,427	100	—	Jan. 7	July 1	1	11.00	13.50	8.00	N	32.50	75	24.38	69
70	Spokane, Wash.[30]	115,514	68,014,295	79	21	Jan. 1	June 1	2	9.25	6.00	6.83	3.42	25.50A	92	23.46	70
71	Fall River, Mass.	115,274	106,130,050	80	20	Jan. 1	Nov. 2	2	29.76	9.17	1.34	1.73	42.00	100	42.00	71
72	Fort Wayne, Ind.	114,946	145,197,490	85	15	Jan. 1	May 7	2	10.70	9.50	4.70	1.50	26.40	80	21.12	72
73	Elizabeth, N. J.	114,589	148,311,411	90	10	Jan. 1	Feb. 1	4	21.04	8.64	6.13	2.99	38.80	100	38.80	73
74	Cambridge, Mass.	113,643	180,616,500	91	9	Jan. 1	Nov. 1	2	27.38	9.70	1.17	2.75	41.00	100	41.00	74
75	New Bedford, Mass	112,597	117,715,425	79	21	Jan. 1	Nov. 2	2	29.41	7.96	.81	1.02	39.20	100	39.20	75
76	Reading, Pa.	111,171	170,176,540	100	—	Jan. 7	July 1	1	9.00	12.00	5.00	N	26.00	100	26.00	76
77	Wichita, Kansas[31]	111,110	110,921,988	88	12	Jan. 1	Dec. 20	2	11.00	16.85	5.27	2.18	35.30	65	22.95	77
78	Miami, Fla.	110,637	108,431,740	88	12	July 1	Apr. 1	1	27.27	12.16	9.10	2.18	50.71	50	25.36	78
79	Tacoma, Wash.[32]	106,817	50,911,422	—	—	Jan. 1	May 31	2	11.55	7.20	11.95	3.71	34.41A	100	34.41	79
80	Wilmington, Del.[33]	106,597	151,771,350	100	—	July 1	Sept. 1	1	14.50	1.50	7.00	N	23.00	75	17.25	80
81	Knoxville, Tenn.	105,802	123,111,176	90	10	Jan. 1	May 1	4	20.70	5.80	11.60	.80	38.90	75	29.18	81
82	Peoria, Ill.	104,967	87,054,153	80	20	Jan. 1	June 1	2	21.28	13.40	3.32	N	38.00	50	19.00	82
83	Canton, Ohio	104,906	129,639,300	—	—	Jan. 1	Dec. 20	2	5.30	8.80	2.90	N	17.00	100	17.00	83
84	South Bend, Ind.	104,193	131,493,830	60*	40	Jan. 1	May 1	2	10.00	9.95	4.35	1.50	25.80	80	20.64	84
85	Somerville, Mass.	103,908	117,182,500	94	6	Jan. 1	Nov. 2	10	21.62	10.81*	1.54	4.63	38.60	100	38.60	85
86	El Paso, Texas	102,421	82,381,330	83	17	Mar. 1	May 31	1	15.52	6.98	9.50	7.70	39.70	70	28.79	86

COMPARATIVE TAX RATES OF 301 CITIES FOR 1935—(Continued)

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87	Lynn, Mass.	102,320	137,533,010	89	11	Jan. 1	Nov. 1	2	21.70	9.65	2.07	1.38	34.80	100	34.80	87
88	Evansville, Ind.	102,249	113,364,020	74	26	Jan. 1	May 7	2	12.40	7.70	6.80	1.50	28.40	100	28.40	88
89	Utica, N. Y.[34]	101,740	132,621,288	97	3	Jan. 1	June 1	2	29.40	—	—	—	29.40	65	19.11	89
90	Duluth, Minn.[11]	101,463	56,131,807	80	20	Jan. 1	June 1	4	12.31	13.12	6.50	4.27	36.20A	100	36.20	90
91	Tampa, Fla.[35]	101,161	105,776,265	93	7	June 1	Feb. 1	2	19.50	16.50	10.50	3.06	49.56A	50	24.78	91
92	Gary. Ind.	100,426	124,042,860	75	25	Jan. 1	May 7	2	9.90	10.00	11.00	1.50	32.40	70	22.68	92
93	Lowell, Mass.[34]	100,234	110,340,750	88	12	Jan. 1	Nov. 1	2	—	—	—	—	40.60	100	40.60	93
	GROUP IV															
	Population 50,000 to 100,000															
94	Waterbury, Conn.	99,902	162,657,928	82	18	Jan. 1	May 1	2	21.26	9.40	.59	.75	32.00	80	25.60	94
95	Schenectady, N. Y.	95,692	157,046,692	100	—	Jan. 1	Jan. 18	4	15.47	9.96	4.46	.32	30.21	85	25.68	95
96	Sacramento, Cal.	93,750	100,019,900	91	9	Jan. 1	Dec. 5	2	19.23	16.20	11.87	N	47.30	56	26.49	96
97	Allentown, Pa.	92,563	102,628,000	100	—	Jan. 7	July 1	4	12.40	13.00	4.00	N	29.40	70	20.58	97
98	Bayonne, N. J.	88,979	158,857,942	81	19	Jan. 1	Feb. 1	4	19.09	11.13	8.44	2.92	41.58	100	41.58	98
99	Wilkes-Barre, Pa.	86,628	88,844,946	94	6	Jan. 7	July 1	1	13.00	16.50	11.00	N	40.50	50	20.25	99
100	Rockford, Ill.	85,864	53,507,914	76	24	Jan. 1 '34	May 1	2	23.14	18.76	5.60	N	47.50	40	19.00	100
101	Lawrence, Mass.	85,068	102,503,181	84	16	Jan. 1	Oct. 1	2	23.83	10.67	1.45	1.65	37.60	100	37.60	101
102	Savannah, Ga.	85,024	61,136,096	—	—	Jan. 1	June 1	4	23.00	10.00	12.50	5.00	50.50	50	25.25	102
103	Charlotte, N. C.[36]	82,675	105,561,663	75	25	July 1	Oct. 1	1	12.50	—	—	—	—	66	—	103
104	Berkeley, Calif.[19]	82,109	85,742,375	90	10	June 30	Dec. 5	2	13.60	17.52	14.38	N	45.50	50	22.75	104
105	Altoona, Pa.[37]	82,054	75,830,146	100	—	Jan. 1	July 1	1	9.00	13.00	5.10	N	27.10A	70	18.97	105
106	Little Rock, Ark.	81,679	39,668,127	67	33	Jan. 1	Apr. 10	3	11.40	18.00	5.00	8.70	43.10	30	12.93	106
107	St. Joseph, Mo.	80,935	66,081,970	73	27	Apr. 15	Sept. 1	1	14.00	12.25	7.25	1.50	35.00	70	24.50	107
108	Saginaw, Mich.	80,715	92,990,314	85	15	July 1	Aug. 1	10	10.69	7.80	4.47	.63	23.59	100	23.59	108
109	Harrisburg, Pa.	80,339	90,663,630	100	—	Jan. 1	July 1	—	13.50	6.66*	6.00	N	26.16	55	14.39	109
110	Sioux City, Ia.	79,183	85,266,684	80	20	Jan. 1	Apr. 1	2	12.00	17.00	8.50	3.50	41.00	60	24.60	110
111	Lansing, Mich.	78,397	108,012,788	85	15	May 1	Oct. 12	1	13.94	5.85	3.00	.64	23.43	85	19.92	111
112	Pawtucket, R. I.[34]	77,149	145,707,497	74	26	Jan. 1	Oct. 16	4	22.00	—	—	—	22.00	100	22.00	112
113	Manchester, N. H.	76,834	92,757,548	75	25	Jan. 1	Dec. 1	1	17.82	6.93	4.12	3.13	32.00	100	32.00	113
114	Binghamton, N. Y.	76,662	111,517,911	100	—	Jan. 1	Feb. 1	2	16.99	9.32	6.29	N	32.60	84	32.60	114
115	Shreveport, La.	76,655	81,058,920	75	25	Jan. 1	Dec. 31	1	13.75	4.00	13.75	5.75	37.25	67	24.96	115
116	Pasadena, Cal.	76,086	132,407,650	89	11	July 1	Feb. 3 '36	1	14.70	14.00	13.80	N	42.50	50	21.25	116
117	Lincoln, Neb.	75,933	94,075,265	80	20	Sept. 1	Dec. 1	2	9.80	15.00	4.00	2.15	30.95	80	24.76	117
118	Huntington, W. Va.	75,572	Not reporting													118
119	Niagara Falls, N. Y.	75,460	148,232,831	100	—	Jan. 1	Dec. 15	1	16.38	9.15	3.72	N	29.25	72	21.06	119
120	Winston-Salem, N. C.	75,274	101,163,080	63	37	July 1	Mar. 1	1	13.00	—	5.00	N	18.00	65	11.70	120
121	East St. Louis, Ill.	74,347	49,335,645	71	29	Jan. 1	June 1	2	27.70	22.80	4.90	N	55.40	40	22.16	121
122	Troy, N. Y.	72,763	74,879,417	100	—	Jan. 1	Feb. 1	2	24.76	9.41	11.68	N	45.85	80	36.68	122
123	Quincy, Mass.	71,983	124,543,900	91	9	Jan. 1	Nov. 2	2	24.56	7.70	1.03	1.11	34.40	100	34.40	123
124	Springfield, Ill.	71,864	52,243,020	86	14	Mar. 1	June 1	2	23.30	16.25	3.40	N	42.95	50	21.47	124
125	Portland, Me.	70,810	85,828,100	80	20	Jan. 1	Oct. 1	1	24.44	9.78*	1.79	7.59	43.60	100	43.60	125
126	Lakewood, Ohio	70,509	93,596,900	98	2	Jan. 1	Jan. 20	2	8.40	11.06	6.04	N	25.50	75	19.13	126
127	Roanoke, Va.	69,206	61,386,300	86	14	July 1	Dec. 5	2	19.50	5.50*	N	N	25.00	65	16.25	127
128	Springfield, Ohio	68,743	77,163,780	88	12	Jan. 1	Dec. 20 '34	—	9.13	4.45	3.02	N	16.60	100	16.60	128
129	Mobile, Ala.[20]	68,202	42,187,703	77	23	Oct. 1	Jan. 1	1	4.50	5.40	7.50	3.90	21.30A	100	21.30	129
130	New Britain, Conn.	68,128	101,708,906	84	16	Apr. 1	June 16	1	12.50	12.30	.55	.65	26.00	100	26.00	130

COMPARATIVE TAX RATES OF 301 CITIES FOR 1935—(Continued)

No.	City	Census 1930	Assessed Valuation	Per Cent Realty	Per Cent Personalty	City Fiscal Year Begins	First Date City Taxes Are Subject to Penalty	No. of Installments In Which City Taxes Are Payable	Tax Rate Per $1,000 of Assessed Valuation on Uniform 100% Legal Basis of Assessment: City	School	County	State	Total	Estimated Ratio of Assessed Value to Legal Basis (Per Cent)	Adjusted Rate	No.
131	East Orange, N. J.	68,020	119,767,368	95	5	Jan. 1	Feb. 15	4	16.60	7.68	4.72	2.70	31.70	100	31.70	131
132	Racine, Wis.	67,542	103,428,206	93	7	Jan. 1	Feb. 1	1	7.81	10.55	4.93	.11	23.40	90	21.06	132
133	Johnstown, Pa.	66,993	78,444,085	93	7	Jan. 7	July 1	4	12.50	13.00	8.00	N	33.50	65	21.78	133
134	Cicero, Ill.	66,602	38,454,606	75	25	Jan. 1 '34	Nov. 1 '36	2	30.80	38.30	7.60	N	76.70	37	28.38	134
135	Atlantic City, N. J.	66,198	125,503,782	94	6	Jan. 1	Feb. 1	4	18.97	5.86	5.51	3.01	33.35	100	33.35	135
136	Montgomery, Ala.	66,079	Not reporting													136
137	Newton, Mass.[34]	65,276	164,422,850	—	—	Jan. 1	Nov. 1	2	26.80	—	—	—	26.80	100	26.80	137
138	Covington, Ky.	65,252	55,579,914	94	6	Jan. 1	July 1	2	12.90	11.10	8.70	.50	33.20	65	21.58	138
139	Pontiac, Mich.	64,928	57,474,360	75	25	Jan. 1	Aug. 1	1	11.35	9.78	7.39	.87	39.39	100	39.39	139
140	Hammond, Ind.	64,560	86,878,530	—	—	Jan. 1	May 7	2	9.40	10.60	9.50	1.50	31.00	55	17.05	140
141	Topeka, Kansas[38]	64,120	82,245,700	71	29	Jan. 1	Dec. 21	2	16.33	17.41	4.60	2.06	40.40	60	24.24	141
142	Oak Park, Ill.	63,982	42,347,312	86	14	Jan. 1 '34	Nov. 1 '36	2	26.40	35.50	7.60	N	69.50	37	25.72	142
143	Brockton, Mass.	63,797	76,214,875	88	12	Jan. 1	Nov. 2	10	26.16	8.46	1.32	1.66	37.60	80	30.08	143
144	Evanston, Ill.	63,338	50,994,836	82	18	Jan. 1 '34	Nov. 1 '36	2	23.10	32.30	7.60	N	63.00	37	23.31	144
145	Passaic, N. J.	62,959	88,343,920	88	12	Jan. 1	Feb. 1	4	26.49	8.47	5.99	2.35	43.30	80	35.64	145
146	Terre Haute, Ind.	62,810	Not reporting													146
147	Glendale, Calif.	62,736	54,882,110	—	—	July 1	Dec. 20	2	13.20	17.20	13.80	N	44.20	50	22.10	147
148	Charleston, S. C.	62,265	16,186,240	74	26	Jan. 1	Oct. 15	1	62.00	24.50	22.50	5.00	114.00	25	28.50	148
149	Wheeling, W. Va.[39]	61,659	106,440,100	69	31	July 1	Dec. 1	2	6.05	4.89	2.92	.69	14.55A	100	14.55	149
150	Mount Vernon, N. Y.	61,499	154,111,260	100	—	Jan. 1	Feb. 1	2	17.10	11.04	6.05	.21	34.40	80	27.52	150
151	Davenport, Ia.	60,751	55,207,893	92	8	Apr. 1	Oct. 1	1	14.50	16.06	8.06	.55	39.17	70	27.42	151
152	Charleston, W. Va.[39]	60,408	110,850,000	71	29	July 1	Dec. 1	2	5.65	6.87	2.83	.70	16.05A	100	16.05	152
153	Augusta, Ga.	60,342	44,944,449	73	27	Jan. 1	Apr. 21	3	20.00	14.00	7.25	4.00	45.25	70	31.68	153
154	Lancaster, Pa.	59,949	88,441,950	100	—	Jan. 7	July 1	1	4.50	9.50	3.00	N	17.00	80	13.60	154
155	Medford, Mass.	59,714	80,823,250	—	—	Jan. 1	Nov. 1	1	22.79	8.90*	1.42	2.49*	35.60	100	35.60	155
156	Hoboken, N. J.[29]	59,261	95,509,846	94	6	Jan. 1	May 1	4	34.52	—	8.81	3.04	46.37	100	46.37	156
157	Chester, Pa.	59,164	54,101,000	100	—	Jan. 7	July 1	1	11.50	11.00	4.00	N	26.50	80	21.20	157
158	Union City, N. J.	58,659	68,453,437	93	7	Jan. 1	Feb. 1	4	25.76	10.16	8.37	2.88	47.17	—	47.17	158
159	Malden, Mass.	58,036	70,242,975	91	9	Jan. 1	Nov. 1	2	17.40	5.80	1.40	11.20	35.80	80	28.64	159
160	Madison, Wis.	57,899	122,339,986	93	7	Jan. 1	Feb. 1	1	9.44	8.27	5.34	.45	23.50	97	22.80	160
161	Bethlehem, Pa.	57,892	67,387,617	93	7	Jan. 7	July 1	4	14.00	11.00	5.00	N	30.00	90	27.00	161
162	Beaumont, Texas	57,732	56,528,860	85	15	July 1	Feb. 1	1	17.60	7.40	10.20	7.70	42.90	65	27.89	162
163	San Jose, Calif.	57,651	52,018,040	84	16	Dec. 1	Dec. 5	2	14.40	13.29	10.90	N	38.59	50	19.30	163
164	Springfield. Mo.	57,527	37,000,000*	80	20	Jan. 1	Jan. 1	1	16.20	14.50	5.70	1.50	37.90	70	26.53	164
165	Decatur, Ill.	57,510	31,889,919	85	15	May 1 '34	June 1 '35	2	22.80	24.00	6.70	N	53.50	50	26.75	165
166	Irvington, N. J.	56,733	76,054,860	93	7	Jan. 1	Feb. 1	4	18.20	10.70	8.30	—	37.20	80	29.76	166
167	Holyoke, Mass.	56,537	84,471,330	—	—	Jan. 1	Nov. 1	2	18.63	6.15	1.38	1.34	27.50	100	27.50	167
168	Hamtramck, Mich.	56,268	72,117,423	68	32	July 1	Aug. 21	1	19.50	11.00	4.97	.60	36.07	100	36.07	168
169	Cedar Rapids, Ia.	56,097	52,905,196	90	10	Apr. 1 '34	Apr. 1	2	12.97	20.14	8.77	.55	42.43	48	20.37	169
170	York, Pa.	55,254	48.500,000	100	—	Jan. 1	July 1	5	9.50	15.00	6.00	N	30.50	60	18.30	170
171	Jackson, Mich.	55,187	66,535,220	89	11	July 1	July 21	5	8.50	9.80	5.50	.68	24.48	80	19.58	171
172	Kalamazoo, Mich.	54,786	70.099.375	82	18	Jan. 1	Aug 1	12	9.12	11.20	3.30	.60	24.22	80	19.38	172
173	E. Chicago, Ind.	54,784	75,588,870	—	—	Jan. 1	May 6	2	15.50	8.30	3.90	1.50	29.20	80	23.36	173
174	McKeesport, Pa.	54,632	54,657,100	98	2	Jan. 7	July 1	1	11.00	15.00	9.63	N	35.63	60	21.38	174
175	New Rochelle, N. Y.	54,000	200,951,901	97	3	Jan. 1	Jan. 31	4	15.83	8.90	5.27	—	30.00	85	25.50	175
176	Macon, Ga.	53,829	39,500,000	80	20	Jan. 1	Jan. 1	3	15.00	9.00	11.00	4.00	39.00	68	26.70	176

COMPARATIVE TAX RATES OF 301 CITIES FOR 1935—(Continued)

No.	City	Census 1930	Assessed Valuation	Per Cent Realty	Per Cent Personalty	City Fiscal Year Begins	First Date City Taxes Are Subject to Penalty	No. of Installments In Which City Taxes Are Payable	Tax Rate Per $1,000 of Assessed Valuation on Uniform 100% Legal Basis of Assessment: City	School	County	State	Total	Estimated Ratio of Assessed Value to Legal Basis (Per Cent)	Adjusted Rate	No.
177	Greensboro, N. C.	53,659	80,500,000*	70	30	July 1	Jan. 1	1	9.60	.90	6.40	N	16.90	80	13.52	177
178	Austin, Texas	53,120	49,736,505	85	15	Jan. 1 '34	Apr. 1	1	15.50	6.00	8.30	7.70	37.50	67	25.13	178
179	Highland Park, Mich.	52,929	78,051,400	83	17	July 1	Aug. 21	2	13.30	12.60	4.63	.60	31.13	80	24.90	179
180	Galveston, Texas	52.938	58,836,421	82	18	July 1 '34	Feb. 1	2	21.40	5.00	6.00	7.70	40.10	75	30.08	180
181	Waco, Texas	52,848	Not reporting													181
182	Fresno, Cal.	52,513	49,540,400	81	19	July 1	Dec. 5	2	18.70	17.35	10.40	N	46.45	50	23.23	182
183	Hamilton, Ohio	52,176	63,898,255	82	18	Jan. 1	Sept. 15	2	8.05	6.25	2.53	N	16.83	70	11.78	183
184	Durham, N. C.	52,037	70,281,414	—	—	July 1	Jan. 1	1	13.70	3.80	5.00	N	22.50	75	16.88	184
185	Columbia, S. C.	51,581	19,261,500	72	28	Jan. 1	Dec. 15	1	33.00	23.50	14.50	5.00	76.00	42	31.92	185
186	Cleveland Heights, Ohio	50,945	103,021,860	—	—	Jan. 1	—	2	5.16	12.10	6.04	N	23.30	80	18.64	186
187	Port Arthur, Texas	50,902	25,888,590	83	17	Jan. 1	Feb. 1	2	15.70	6.50	8.50	7.70	38.40	70	26.88	187
188	Dearborn, Mich.	50,358	162,674,450	61	39	July 1	Aug. 20	4	13.76	12.37	4.64	.60	31.37	100	31.37	188
189	Kenosha, Wis.	50,262	69,233,380	91	9	Jan. 1	Mar. 1	1	13.53	8.47	4.88	.12	27.00	80	21.60	189
190	Asheville, N. C.	50,193	Not reporting													190
191	Pueblo, Colo.	50,096	28,463,312	—	—	Jan. 1	Mar. 1	2	27.00	14.95	11.30	3.40	56.65	70	39.66	191
	GROUP V **Population 30,000 to 50,000**															
192	Pittsfield, Mass.	49,677	60,597,215	88	12	Jan. 1	Oct. 1	2	32.15	—	2.34	1.51	36.00	70	25.20	192
193	Woonsocket, R. I.[34]	49,376	74,672,800	77	23	Jan. 1	Oct. 11	4	25.00	—	—	—	25.00	100	25.00	193
194	Haverhill, Mass.	48,710	54,329,950	88	12	Jan. 1	Oct. 1	2	31.16	8.15	1.08	1.21	41.60	100	41.60	194
195	New Castle, Pa.	48,674	50,832,440	95	5	Jan. 7	July 1	1	11.50	15.00	8.50	N	35.00	100	35.00	195
196	Everett, Mass.	48,424	Not reporting													196
197	Jackson, Miss.	48,282	37,791,767	86	14	Oct. 1	Feb. 1	3	18.00	6.00	11.65	5.00	40.65	60	24.39	197
198	Phoenix, Ariz.	48,118	62,000,000	—	—	July 1	Nov. 11	2	15.40	12.00	27.90	7.80	63.10	68	42.91	198
199	Stockton, Cal.	47,963	63,856,817	—	—	Jan. 1	Mar. 1	10	17.60	16.30	15.60	N	49.50	43	21.29	199
200	Brookline, Mass.	47,490	163,032,000	91	9	Jan. 1	Nov. 1	2	14.51	4.15	.55	2.59	21.80	100	21.80	200
201	Elmira, N. Y.	47,397	50,061,892	100	—	Jan. 1	May 15	2	29.58	8.14	5.58	—	43.30	65	28.15	201
202	Bay City, Mich.	47,355	38,492,290	85	15	July 1	Oct. 1	1	16.44	9.13	6.46	.55	32.58	80	26.06	202
203	Berwyn, Ill.	47,027	Not reporting													203
204	Clifton, N. J.	46,875	48,085,389	93	7	Jan. 1	Feb. 2	4	17.90	17.40	6.60	2.70	44.60	100	44.60	204
205	Aurora, Ill.	46,589	Not reporting													205
206	Muncie, Ind.	46,548	39,240,505	—	—	Mar. 1	May 6	2	7.40	12.10	10.00	1.50	31.00	100	31.00	206
207	Stamford, Conn.	46,346	109,934,846	88	12	Nov. 3	Oct. 2	1	19.46	6.00	.20	.54	26.20	100	26.20	207
208	Waterloo, Ia.	46,191	30,002,400	88	12	Apr. 1	Apr. 1	2	15.68	19.92	6.18	.55	42.33	60	25.40	208
209	Chelsea, Mass.	45,816	46,762,050	90	10	Jan. 1	Nov. 1	2	30.82	8.13	—	3.85	42.80	100	42.80	209
210	Lexington, Ky.	45,736	49,366,562	—	—	Jan. 1	July 1	2	17.40	7.80	3.50	3.00	31.70	100	31.70	210
211	Williamsport, Pa.	45,729	29,190,345	—	—	Jan. 7	July 1	4	14.00	20.00	9.00	N	43.00	60	25.80	211
212	Portsmouth, Va.[29]	45,704	32,337,498	97	3	Jan. 1	Dec. 5	1	26.50	—	N	N	26.50	70	18.55	212
213	Jamestown, N. Y.	45,155	63,719,618	100	—	Jan. 1	July 2	1	13.42	10.22	5.37	—	29.01	70	20.31	213
214	Lorain, Ohio	44,512	70,500,000	85	15	Jan. 1	June 21	2	7.59	5.65	3.16	N	16.40	80	13.12	214
215	Chicopee, Mass.[29]	43,930	42,152,900	87	13	Jan. 1	Oct. 1	2	38.41	—	6.56	1.53	41.50	85	35.28	215
216	Wichita Falls, Texas	43,690	29,854,180	51	49	Apr. 1	Feb. 1 '36	2	14.00	10.00	13.40	—	37.40	67	25.06	216
217	Battle Creek, Mich.	43,573	53,696,700	81	19	June 30	Aug. 20	1	10.00	11.40	5.00	.80	27.20	100	27.20	217
218	Perth Amboy, N. J.	43,516	49,500,243	89	11	Jan. 1	Feb. 1	4	32.10	11.69	8.95	2.96	55.70	50	27.85	218
219	Salem, Mass.	43,353	57,946,090	84	16	Jan. 1	Nov. 1	4	22.99	8.58	1.38	1.55	34.50	100	34.50	219
220	Amarillo, Texas	43,132	48,289,815	—	—	Apr. 15	Feb. 1	2	9.50	9.40	6.10	7.70	32.70	67	21.80	220

COMPARATIVE TAX RATES OF 301 CITIES FOR 1935—(Continued)

No.	City	Census 1930	Assessed Valuation	Per Cent		City Fiscal Year Begins	First Date City Taxes Are Subject to Penalty	No. of Installments In Which City Taxes Are Payable	Tax Rate Per $1,000 of Assessed Valuation on Uniform 100% Legal Basis of Assessment					Estimated Ratio of Assessed Value to Legal Basis (Per Cent)	Adjusted Rate	No.
				Realty	Personalty				City	School	County	State	Total			
221	Columbus, Ga.[40]	43,131	38,707,996	78	22	Jan. 1	Sept. 1	—	12.00	6.00	6.38	3.00	27.38A	67	18.34	221
222	Joliet, Ill.	42,993	20,568,015	80	20	Jan. 1	June 1	2	27.21	31.30	6.60	N	65.11	30	19.53	222
223	Cranston, R. I.	42,911	70,104,170	81	19	Oct. 1	Nov. 22	4	10.00	12.02	—	.98	23.00	100	23.00	223
224	Portsmouth, Ohio	42,560	49,433,405	—	—	Jan. 1	Dec. 21	2	8.45	7.70	3.85	N	20.00	100	20.00	224
225	Lima, Ohio	42,287	48,928,900	—	—	Jan. 1	June 20	2	10.69	7.21	3.50	N	21.40	80	17.12	225
226	Council Bluffs, Ia.	42,048	20,900,203	100	—	Apr. 1	Apr. 1	2	24.21	27.30	7.83	.55*	59.89	40	23.96	226
227	Montclair, N. J.	42,017	106,458,284	92	8	Jan. 1	Feb. 1	4	15.68	7.72	7.50	—	30.90	100	30.90	227
228	Dubuque, Ia.	41,679	33,011,351	75	25	Apr. 1	Apr. 1	2	18.31	14.14	9.10	.55	42.10	60	25.26	228
229	Muskegon, Mich.	41,390	44,509,350	84	16	Jan. 1	Jan. 10	1	12.13	13.62	5.75	.63	32.13	100	32.13	229
230	Warren, Ohio	41,062	49,031,749	84	16	Jan. 1	Jan. 20	2	7.40	7.60	3.90	N	18.90	100	18.90	230
231	Kearny, N. J.	40,716	76,555,798	88	12	Jan. 1	Feb. 1	4	—	—	—	—	41.11	80	32.89	231
232	Fitchburg, Mass.	40,692	50,995,075	79	21	Jan. 1	Nov. 1	2	21.45	8.13	1.68	1.54	32.80	100	32.80	232
233	Lynchburg, Va.	40,661	38,128,086	91	9	Jan. 1	July 15	3	11.00	10.00	N	N	21.00	100	21.00	233
234	St. Petersburg, Fla.	40,425	Not reporting													234
235	Poughkeepsie, N. Y.	40,288	53,354,598	—	—	Jan. 1	Feb. 15	4	23.49	6.83	7.63	.19	38.14	70	26.70	235
236	Ogden, Utah	40,272	32,876,161	—	—	Jan. 1	Nov. 30	—	13.00	13.50	5.70	9.50	41.70	60	25.02	236
237	Oshkosh, Wis.	40,108	46,295,325	88	12	Jan. 1	Mar. 1	2	15.71	8.98	4.01	.10	28.80	92	26.50	237
238	Anderson, Ind.	39,804	30,907,920	79	21	Jan. 1	May 7	2	2.20	9.30	5.00	1.50	18.00	85	15.30	238
239	East Cleveland, Ohio	39,667	54,665,470	98	2	Jan. 1	Jan. 20	10	6.96	13.60	6.04	N	26.60	80	21.28	239
240	La Crosse, Wis.	39,614	47,291,504	89	11	Jan. 1	Mar. 1	3	10.13	6.71	7.16	—	24.00	90	21.60	240
241	Butte, Mont.	39,532	Not reporting													241
242	Sheboygan, Wis.	39,251	46,200,110	90	10	Jan. 1	Mar. 1	2	8.59	10.52	7.11	.12	26.34	90	23.71	242
243	Waltham, Mass.[34]	39,247	55,743,450	87	13	Jan. 1	Nov. 1	10	33.80	—	—	—	33.80	100	33.80	243
244	Quincy, Ill.	39,241	33,868,415	74	26	May 1	June 1	2	14.05	15.00	2.85	N	31.90	50	15.95	244
245	Meriden, Conn.	38,481	59,114,725	84	16	Jan. 1	May 6	2	17.70	8.30	.25	.75	27.00	100	27.00	245
246	Bloomfield, N. J.	38,077	69,363,734	90	10	Jan. 1	Feb. 1	4	16.47	6.09	4.72	2.72	30.00	100	30.00	246
247	Rock Island, Ill.	37,953	21,933,978	—	—	Apr. 1 '34	June 1	2	16.40	20.00	5.40	N	41.80	33	13.79	247
248	Cumberland, Md.	37,747	42,500,000	93	7	Apr. 1	July 15	—	9.50	—	14.20	2.20	25.90	80	20.72	248
249	San Bernardino, Cal.	37,481	25,992,042	81	19	July 1	Dec. 5	2	11.00	13.60	9.90	N	34.50	50	17.25	249
250	Green Bay, Wis.	37,415	50,941,305	91	9	Jan. 1	Mar. 1	1	12.27	9.87	6.25	.11	28.50	90	25.65	250
251	Raleigh, N. C.	37,379	Not reporting													251
252	Taunton, Mass.	37,355	Not reporting													252
253	Santa Monica, Cal.	37,146	42,432,980	97	3	July 1	Dec. 5	2	25.10	17.10	13.80	N	56.00	50	28.00	253
254	West New York, N. J.	37,107	48,572,296	98	2	Jan. 1	Feb. 1	4	23.37	16.14	8.17	2.82	50.50	60	30.30	254
255	Hazleton, Pa.	36,765	29,367,569	92	8	Jan. 7	July 1	4	14.50	22.00	11.30	N	47.80	50	23.90	255
256	Danville, Ill.	36,765	21,495,839	—	—	May 1	May 1	2	18.10	20.00	7.10	N	45.20	45	20.34	256
257	High Point, N. C.	36,745	Not reporting													257
258	Auburn, N. Y.	36,652	52,244,930	100	—	July 1	Aug 1	2	11.69	4.88	5.11	—	21.68	100	21.68	258
259	Zanesville, Ohio	36,440	36,377,354	100	—	Jan. 1	Dec. 1	2	4.30	8.80	2.50	N	15.60	100	15.60	259
260	Superior, Wis.	36,113	44,469,745	87	13	Oct. 1	Feb. 1	1	8.88	13.99	14.32	.11	37.30	80	29.84	260
261	Arlington, Mass.	36,094	59,643,550	94	6	Jan. 1	Nov. 2	10	23.43*	7.59*	.99*	.99*	33.00	100	33.00	261
262	Norwalk, Conn.	36,019	Not reporting													262
263	Elgin, Ill.	35,929	22,294,434	78	22	Jan. 1	May 1	2	22.20	18.80	4.32	N	45.32	40	18.13	263
264	Norristown, Pa.	35,853	25,013,145	88	12	Dec. 1	Sept. 1	1	14.00	18.00	3.00	N	35.00	67	23.45	264
265	White Plains, N. Y.	35,830	166,242,860	100	—	Jan. 1	Feb. 1	2	13.21	6.71	4.36		24.28	90	21.85	265
266	Revere, Mass.[34]	35,680	40,985,750	94	6	Jan. 1	Oct. 15	2	41.40	—	—	—	41.40	85	35.19	266

COMPARATIVE TAX RATES OF 301 CITIES FOR 1935—(Continued)

No.	City	Census 1930	Assessed Valuation	Per Cent Realty	Per Cent Personalty	City Fiscal Year Begins	First Date City Taxes Are Subject to Penalty	No. of Installments In Which City Taxes Are Payable	Tax Rate Per $1,000 of Assessed Valuation on Uniform 100% Legal Basis of Assessment City	School	County	State	Total	Estimated Ratio of Assessed Value to Legal Basis (Per Cent)	Adjusted Rate	No.
267	Steubenville, Ohio	35,422	47,705,500	90	10	Jan. 1	Jan. 20	2	4.30	7.95	2.75	N	15.00	90	13.50	267
268	Orange, N. J.	35,339	46,850,041	95	5	Jan. 1	Feb. 1	4	18.69	9.10	4.71	2.70	35.20	85	29.92	268
269	Alameda, Cal.[19]	35,033	32,148,224	84	16	July 1	Dec. 5	2	13.47	17.45	14.38	N	45.30	50	22.65	269
270	Lewiston, Me.	34,948	31,413,084	92	8	Mar. 1	Nov. 25	1	19.83	5.67	1.70	6.80	34.00	50	17.00	270
271	Watertown, Mass.	34,913	53,046,330	91	9	Jan. 1	Nov. 1	2	20.05	8.03	1.36	3.96	33.40	100	33.40	271
272	Amsterdam, N. Y.	34,817	Not reporting													272
273	West Allis, Wis.	34,671	50,824,207	84	16	Jan. 1	Mar. 1	1	14.03	12.91	9.22	.11	36.27	80	29.02	273
274	New Brunswick, N. J.	34,555	42,499,560	94	6	Jan. 1	Feb. 1	4	19.60	9.40	9.20	3.10	41.30	100	41.30	274
275	Easton, Pa.	34,468	44,182,566	100	—	Jan. 1	July 1	4	12.00	11.75	4.83	N	28.58A	95	27.15	275
276	Plainfield, N. J.	34,422	60,550,483	90	10	Jan. 1	Nov. 1	4	16.47	9.61	6.21	3.01	35.30	80	28.24	276
277	Newport News, Va.	34,417	33,710,704	88	12	Jan. 1	Dec. 6	1	15.38	12.40	N	N	27.78	50	13.89	277
278	Santa Barbara, Cal.	33,613	46,930,285	86	14	July 1	Dec. 5	2	14.50	12.50	13.50	N	40.50	50	20.25	278
279	Paducah, Ky.	33,541	Not reporting													279
280	Mansfield, Ohio	33,525	Not reporting													280
281	Joplin, Mo.	33,454	18,772,773	85	15	Jan. 1	Jan. 1	1	15.50	17.80	6.00	1.50	40.80	50	20.40	281
282	Waukegan, Ill.	33,499	16,850,594	—	—	May 1	June 1	2	31.70	38.20	4.10	N	74.00	25	18.50	282
283	Norwood, Ohio	33,411	Not reporting													283
284	Sioux Falls, S. Dak.	33,362	Not reporting													284
285	Colorado Springs, Colo.	33,237	28,636,030	—	—	Jan. 1	Mar. 1	2	14.00	22.38	6.60	3.40	46.38	60	27.83	285
286	Elkhart, Ind.	32,949	35,720,467	87	13	Jan. 1	Nov. 5	2	13.40	8.10	3.80	1.50	26.80	75	20.10	286
287	Kokomo, Ind.	32,843	27,000,000	69	31	Jan. 1	May 7	2	13.70	10.60	4.90	1.50	30.70	100	30.70	287
288	Laredo, Texas	32,618	16,700,000	80	20	May 1	May 1	1	23.00	—	7.50	6.20	36.70	60	22.02	288
289	Tucson, Ariz.	32,506	20,331,060	91	9	July 1	Nov. 4	2	21.40	12.15	20.81	7.80	62.16	50	31.08	289
290	Richmond, Ind.	32,493	31,182,500	80	20	Jan. 1	May 6	2	7.70	11.40	12.20	1.50	32.80	100	32.80	290
291	Rome, N. Y.	32,338	24,825,294	100	—	Jan. 1	May 1	2	16.53	10.22	8.05	—	34.80	70	24.36	291
292	Wilmington, N. C.	32,270	35,185,645	87	13	July 1	Feb. 2	4	15.00	2.72	3.78	N	21.50	85	18.28	292
293	Moline, Ill.	32,236	23,169,584	79	21	Apr. 1	June 1	2	16.30	22.00	5.40	N	43.70	33	14.42	293
294	Watertown, N. Y.	32,205	47,832,447	100	—	July 1	Aug. 1	1	12.70	9.00	6.10	—	27.80	94	26.13	294
295	Muskogee, Okla.	32,026	Not reporting													295
296	Meridian, Miss.	31,954	22,148,501	73	27	Oct. 1	Feb. 2	3	14.00	10.00	19.20	—	43.20	75	32.40	296
297	Pensacola, Fla.	31,579	Not reporting													297
298	Nashua, N. H.	31,463	Not reporting													298
299	Fort Smith, Ark.	31,429	14,708,513	—	—	Jan. 1	Apr. 10	3	4.79	—	17.35	—	22.14A	100	22.14	299
300	Port Huron, Mich.	31,361	31,262,995	88	12	May 1	Aug 1	1	13.72	11.50	9.08	.58	34.88	100	34.88	300
301	Newburgh, N. Y.	31,275	40,990,000	100	—	Jan. 1	Apr. 22	1	13.20	8.89	8.11	—	30.20	83	25.07	301
302	Marion, Ohio	31,084	32,492,760	—	—	Jan. 1	Jan. 20	2	8.38	8.50	2.92	N	19.80	100	19.80	302
303	Bloomington, Ill.	30,930	18,176,000	—	—	May 1	——	2	27.80	17.90	4.30	N	50.00	50	25.00	303
304	Hagerstown, Md.	30,861	37,526,000	—	—	Apr. 1	Jan. 1	1	9.50	—	9.70	2.20	21.40	100	21.40	304
305	Bellingham, Wash.[41]	30,823	13,206,315	75	25	Jan. 1	Nov. 30	2	11.77	5.00	13.33	4.06	34.16A	82	28.01	305
306	Baton Rouge, La.	30,729	Not reporting													306
307	Newark, Ohio	30,596	Not reporting													307
308	Everett, Wash.[41]	30,567	14,101,147	84	16	Jan. 1	May 31	2	17.03	6.00	6.54	1.81	31.38A	88	27.61	308
309	Santa Ana, Cal.	30,322	23,934,290	90	10	July 1	Dec. 5	2	18.90	17.00	6.90	N	42.80	50	21.40	309
310	Alton, Ill.	30,151	16,679,889	75	25	Apr. 1	Sept. 1	2	15.90	21.00	4.70	N	41.60	33	13.73	310

COMPARATIVE TAX RATES OF 301 CITIES FOR 1935—(Continued)

No.	City	Population	Assessed Valuation	Per Cent Realty	Per Cent Personalty	City Fiscal Year Begins	First Date City Taxes Are Subject to Penalty	No. of Installments In Which City Taxes Are Payable	Tax Rate Per $1,000 of Assessed Valuation on Uniform 100% Legal Basis of Assessment: City	School	Province	Total	Estimated Ratio of Assessed Value to Legal Basis (Per Cent)	Adjusted Rate	No.
	Canadian Cities														
1	Montreal, Que.[42]	818,577	930,245,010	100	—	May 1	——	1	16.18	12.00	N	28.18	100	28.18	1
2	Toronto, Ont.[43]	626,674	1,015,409,940	100	—	Jan. 1	June 17	3	23.65	10.50	N	34.15	90	30.74	2
3	Vancouver, B. C.[44]	246,593	341,341,417	100	—	Jan. 1	Jan. 1	3	20.70	9.36	N	30.06A	100	30.06	3
4	Winnipeg, Man.[45]	218,785	200,564,700	100	—	Jan. 1	Oct. 1	1	14.52	11.05	.72	26.29A	100	26.29	4
5	Hamilton, Ont.[46]	153,507	168,533,817	100	—	Jan. 1	June 16	2	27.05	12.45	N	39.50	100	39.50	5
6	Quebec, Que.[47]	130,594	122,556,247	100	—	May 1	Nov. 1	1	26.10	10.00	N	36.10	80	28.88	6
7	Ottawa, Ont.[48]	126,872	156,554,861	100	—	Jan. 1	June 19	2	25.65	11.15	N	36.80	100	36.80	7
8	Calgary, Alta.[49]	83,362	60,733,657	100	—	Jan. 1	July 5	1	18.44	13.21	N	31.65A	100	31.65	8
9	Edmonton, Alta.[50]	79,197	54,608,765	100	—	Jan. 1	May 16	4	20.23	18.27	N	38.50A	100	38.50	9
10	London, Ont.[51]	71,148	83,546,027	100	—	Jan. 1	June 19	3	25.52	14.46	N	39.98	70	27.99	10
11	Windsor, Ont.[52]	63,108	66,104,310	100	—	Jan. 1	Jan. 1 '36	5	21.37	13.63	N	35.00	100	35.00	11
12	Verdun, Que.[53]	60,745	43,229,050	100	—	Jan. 1	Feb. 1	1	16.50	10.00	N	26.50	80	21.20	12
13	Halifax, N. S.[54]	59,275	58,560,210	100	—	May 1	Sept. 1	2	23.20	11.40	1.00	35.60		35.60	13
14	Regina, Sask.[55]	53,209	42,480,000	100	—	Jan. 1	June 30	2	15.35	11.02	1.17	27.54A	100	27.54	14
15	St. John, N. B.	47,514	Not reporting												15
16	Saskatoon, Sask.[56]	43,291	34,070,366	100	—	Jan. 1	Dec. 1	2	12.12	14.95	1.38	28.45A	100	28.45	16
17	Victoria, B. C.[57]	39,082	50,169,278	100	—	Jan. 1	Oct. 2	1	21.56	8.00	N	29.56A	100	29.56	17
18	Three Rivers, Que.	35,450	Not reporting												18

*Estimate.

N-None.

A-Denotes adjustment to 100 per cent basis.

[1]*New York.* The official compilation gives a single rate of $27.10 for city, school, and county purposes; the separate rates here given are in proportion to appropriations. Varying rates are levied on the five boroughs for local improvements, the rate shown being for the borough of Manhattan. The estimated ratio of assessed value to legal basis is from the state board of equalization.

[2]*Chicago.* The figures given are for 1934 valuation and tax levies, payable late in 1935. The city rate includes sanitary district rate, $8.00; park district rate, $3.00; and debt levy of old south park district, $6.60. County rate includes forest preserve district, $1.40. There is no state tax in Illinois on general property.

[3]*Philadelphia.* The city rate includes cost of county government, which is consolidated with the city. The city rates given are on city realty (comprising 95 per cent of all realty); suburban realty (4.7 per cent of all realty) is taxed at two-thirds, and farm realty (.3 per cent) at one-half the rate on city realty—except that property in independent poor districts (having local poor rates of 30 to 60 cents per $1,000) is relieved of such poor tax. The school rate is uniform for all realty but is not levied on personal property. Personalty, comprising money and vehicles to hire, is taxed at 4 mills. There is no state tax in Pennsylvania on real property, nor on personal property subject to local taxation.

[4]*Los Angeles.* City rate includes metropolitan water district, $2.00. County rate includes flood control, $1.90. Valuation reported excludes solvent credits and securities. There is no state tax in California on real estate.

[5]*Cleveland.* For all Ohio cities, realty assessment includes public utilities valuation. Tangible personalty (included in valuation reported) is taxed at same rate as realty, but for only a percentage of its value; intangible personalty (not included in valuation reported) is taxed on either income or valuation at classified rates. There is no state tax in Ohio on property.

[6]*Baltimore.* There is no county rate. There are four rates on real property—full, suburban, rural, and new annex; all rates at less than full rate are increasing to reach full rate in 1939. Personalty is taxed at classified rates, $602,795,000 of the amount reported being taxed at 18¾ cents to $1.00. Personalty of manufacturers is exempt.

[7]*Pittsburgh.* The city rate upon improvements is one-half the full rate of $20.60 upon land, the weighted average rate being shown. Machinery is exempt.

[8]*San Francisco.* City is combined with county. Valuation reported excludes solvent credits, $148,161,078, and stocks and bonds, $179,707,630, assessed at full value and taxed 1 mill and 2 mills, respectively.

[9]*Milwaukee.* City rate includes metropolitan sewer district rate, $2.03.

[10]*Washington.* Appropriations for the District of Columbia are made by Congress, a lump sum of $5,700,000 (less 70 per cent of certain PWA allotments expended in the District) thereof being paid by the federal treasury. Intangible personalty (not included in valuation reported) is taxed at one-half of one per cent; banks, trust companies, and utilities are taxed at various rates upon earnings or receipts. School rate is estimated upon the proportion of appropriations.

[11]*Minneapolis, St. Paul, Duluth.* Minnesota statutes provide for five classes of property, assessed at varying bases of true value: platted real estate is assessed at 40 per cent, except first $4000 of homesteads, at 25 per cent; unplatted real estate is assessed at 33-1/3 per cent, except first $4000 of homesteads, at 20 per cent; iron ore at 50 per cent; and personalty, in three classes, at 10, 25, and 33-1/3 per cent, respectively. The average valuation for all classes for Minneapolis is 36.27 per cent, for St. Paul 38 per cent, and for Duluth 36.2 per cent; the

rates shown are the actual rates adjusted to a uniform 100 per cent basis upon these percentages. The valuation shown is actual, rather than adjusted to 100 per cent of true value. Money and credits (not included in valuation reported) are taxed at 3 mills.

[12] *New Orleans.* The city and school rates shown are the actual rates adjusted to a uniform 100 per cent basis, the legal basis being 85 per cent of true value. Parish (county) rate is for levee district and flood reparation.

[13] *Newark.* In New Jersey cities, the state rate includes a school tax ($2.75 per $1000 on prior year's valuation) which is returned to local school units.

[14] *Kansas City.* The valuation reported is for city purposes; this valuation is approximately 7.5 per cent less than that for school, county, and state purposes; these three rates are adjusted to a uniform 100 per cent basis upon the valuation reported.

[15] *Seattle.* The legal basis of assessment in Washington is 50 per cent; the rates reported are adjusted to a uniform 100 per cent basis. The county rate includes port, 25 cents (adjusted from 50 cents levied).

[16] *Rochester.* Valuation reported includes pensioners' real estate, $1,347,366, taxed at $10.14 only, for school and highway purposes.

[17] *Louisville.* City rate includes school, not separately reported. Shares of stock of banks, trust, and life insurance companies (not included in valuation reported) are taxed $2 for city and $4 for schools.

[18] *Portland.* City rate includes port, $1.40, and dock, $1.83. County rate includes county school $2.50. State levy includes school levy, $2.09, which is returned to school districts of county. Valuation reported includes total utility valuation of public service companies assessed by the state, 14.8 per cent.

[19] *Oakland, Berkeley, Alameda.* County rate includes East Bay Water District rate, $2.90, and park district, 40 cents.

[20] *Birmingham, Mobile.* The legal basis of assessing in Alabama is 60 per cent; the rates are the actual rates adjusted to a uniform 100 per cent basis.

[21] *Providence.* There is no county government in Rhode Island. Intangible personalty (not included in valuation reported) is taxed $4 per $1000 valuation.

[22] *Dayton.* City rate includes flood control, $4.02, and county rate includes flood control, 57 cents.

[23] *Oklahoma City, Tulsa.* There is no state tax in Oklahoma on property.

[24] *Richmond.* The cities of Virginia are autonomous, having no county government. There is no state tax in Virginia on property subject to local taxation. The rates given are levied on realty and tangible personalty; machinery, assessed at $12,135,040 (not included in valuation reported), is taxed $6 per $1000 valuation for city purposes.

[25] *Fort Worth.* City rate includes water conservation, $3.30.

[26] *Scranton.* The city rate upon improvements is one-half the full rate of $22.22 upon land, the weighted average rate being shown.

[27] *Des Moines.* Money and credits, $25,451,134 (not included in valuation shown), are taxed 6 mills.

[28] *Long Beach.* School and county rates apply on valuation fixed by the county, $122,205,000. County rate includes flood control, $1.90, and metropolitan water, $1.00.

[29] *Norfolk, Albany, Hoboken, Portsmouth, Chicopee.* City rate includes school, not separately reported.

[30] *Spokane.* See note 15, re legal basis of assessment and adjusted rates reported.

[31] *Wichita.* Moneys and credits, $18,586,000 (not included in valuation shown), are taxed 5 mills.

[32] *Tacoma.* See note 15, re legal basis of assessment and adjusted rates shown. City rate includes port rate, $1.87 (adjusted from $3.75 levied).

[33] *Wilmington.* Total valuation includes $3,234,000 taxed for city and school purposes at only one-half the rate shown. There is no state tax in Delaware on property.

[34] *Utica, Pawtucket, Newton, Woonsocket, Waltham, Revere.* Total rate only is shown, separate rates not being reported.

[35] *Tampa.* The valuation reported is for city purposes; the county valuation used for school, county, and state purposes is approximately one-half that of the city; these three rates are the actual rates adjusted to the city valuation.

[36] *Charlotte.* Partial data only, complete data not having been supplied.

[37] *Altoona.* County rate is on a separate valuation, approximately 60 per cent of city's; county rate is adjusted to uniform 100 per cent basis.

[38] *Topeka.* Total rate on intangibles (included in valuation shown) is 5 mills.

[39] *Wheeling, Charleston.* The West Virginia statutes provide for three classes of property, taxed at varying rates: real estate, personal tangibles, and public utilities, taxed at full rate; homes occupied by owner, taxed at one-half rate; and money, personal intangibles, live stock, and farm machinery, taxed at one-fourth the full rate; the rates shown are the actual rates adjusted to a uniform 100 per cent basis according to the percentage of assessment of each class of property—for Wheeling, 58.4, 20.4, and 21.2 per cent, respectively, and for Charleston, 61.6, 16.6, and 21.8 per cent, respectively.

[40] *Columbus.* County and state accept realty at 75 per cent of city assessment, these rates being adjusted to this percentage.

[41] *Bellingham, Everett.* See note 15, re legal basis of assessment and adjusted rates shown.

[42] *Montreal.* The Catholic school rate is $7, the Protestant rate $10, and the neutral school rate $12, the last being reported. A special tax not exceeding 6 per cent is imposed on vacant lots in front of which water pipes are laid, and business premises pay a tax of 8½ per cent on annual rental.

[43] *Toronto.* Realty valuation includes 10.84 per cent business and 4.52 per cent income. The school rate reported is public school; the separate school rate is $15.

[44] *Vancouver.* Land is assessed at 100 per cent, improvements at 50 per cent; the ratio of ratable assessment is 72.2 per cent. The rates shown are the actual rates adjusted to a uniform 100 per cent basis. Taxes are subject to 9 per cent rebate if paid before August 3.

[45] *Winnipeg.* Land is assessed at 100 per cent, buildings at 66-2/3 per cent; the ratio of ratable assessment is 76.2 per cent. The rates shown are the actual rates adjusted to a uniform 100 per cent basis.

[46] *Hamilton.* Realty valuation includes 13.7 per cent business and income. The school rate reported is public school; the separate school rate is $12.92.

[47] *Quebec.* City rate includes $5 for water paid by property exempt from other taxes. The school rate reported is Protestant and neutral rate; the Catholic rate is $9.50.

[48] *Ottawa.* Realty valuation includes 13 per cent business and income.

[49] *Calgary.* Realty valuation includes 2.9 per cent franchises. Land is assessed at 100 per cent, buildings at 50 per cent; the ratio of ratable assessment is 63.3 per cent. The rates shown are the actual rates adjusted to a uniform 100 per cent basis. An additional tax of $2.85 on land only is assessed for provincial purposes.

[50] *Edmonton.* Land is assessed at 100 per cent, commercial buildings at 60 per cent, and residential buildings at 50 per cent; the ratio of ratable assessment is approximately 70 per cent. The rates shown are the actual rates adjusted to a uniform 100 per cent basis.

[51] *London.* Realty assessment includes 9.1 per cent business and 3.4 per cent income. An additional assessment of $638,250 pays only the school tax.

[52] *Windsor.* Realty assessment includes 7.9 per cent business and income.

[53] *Verdun.* School rate reported is Protestant rate; Catholic school rate is $8, and neutral school rate, $12.

[54] *Halifax.* Realty assessment includes 13 per cent business and 5 per cent income.

[55] *Regina.* Land is assessed at 100 per cent, buildings at 30 per cent; the ratio of ratable assessment is 54 per cent. The rates shown are the actual rates adjusted to a uniform 100 per cent basis. The school rate shown is public school; the separate school rate is $13.69 (adjusted from actual rate of $25.35).

[56] *Saskatoon.* Land is assessed at 100 per cent, improvements at 45 per cent; the ratio of ratable assessment is 63.3 per cent. The rates shown are the actual rates adjusted to a uniform 100 per cent basis.

[57] *Victoria.* Land is assessed at 100 per cent, improvements at 60 per cent; the ratio of ratable assessment is 72.1 per cent. The rates shown are the actual rates adjusted to a uniform 100 per cent basis.

NEWS OF THE MONTH

NOTES AND EVENTS

Edited by H. M. Olmsted

Charter Election Results.—County charters were important issues at the November election in Ohio. The charter for Cuyahoga County (containing the city of Cleveland), which provides for proportional representation and a county manager, was adopted; but the county manager charters for Hamilton (containing Cincinnati) and Lucas (containing Toledo) counties were defeated, as was the non-manager charter for Mahoning County (containing Youngstown).

Monroe County, New York, (containing the city of Rochester) approved a charter providing for a county manager, thus becoming the first county in New York State to reorganize its government. When the new board of supervisors meets in January it will select a manager for a four-year term.[1]

The city of Chillicothe, Ohio, failed to approve the proposal to elect a charter commission by a small margin, which would have been overcome if voters who marked their ballots for candidates for the proposed charter commission but failed to mark as to the proposition of electing a commission at all could have had their ballots counted. The question as to counting these ballots for the proposal has been referred to the secretary of state for a ruling.

Saratoga Springs, N. Y., voted against the city manager plan—plan C under the New York statute—by 227 votes.

In Lockport, N. Y., the proposition to have the mayor appoint a charter revision committee carried by a large majority; but the mayor himself was defeated for re-election. He is required to appoint a commission of five members within thirty days from the date of election. The value of the voters' action now depends on the character of the persons to be appointed.

The city of Syracuse, New York, voted to adopt a new city charter which among other points will reduce the number of city councilmen from nineteen to nine and provides that five of the nine shall be elected at large.

*

More Training Courses in Public Administration.—Municipal officials from forty-three American states, five Canadian provinces, one European country, two Asiatic countries, one Pacific island, and two West Indian islands have expressed an interest in the training program for city administrators offered by the Institute for Training in Municipal Administration, an adjunct of the International City Managers' Association. Thirty-nine subscribers from twenty-nine cities are now enrolled in the three extension courses offered by the Institute through correspondence, from its headquarters at 850 East 58 Street, Chicago.

The initial course to be offered was "The Organization and Functions of Municipal Government," a broad background course designed to acquaint the administrator with the social, economic, and political aspects of the city and its relations with other governmental units. Two additional courses are "Municipal Personnel Administration" and "Municipal Public Works Administration."

Subscribers in the personnel course include not only municipal officials concerned with the troublesome personnel problem but personnel officers in the federal agencies as well. Four secretaries of state leagues of municipalities have indicated that they consider these courses indispensable to many officials in their states.

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[1] For further information on county charter elections see pages 702 and 707.

In the fall of this year the graduate school of the University of Texas, at Austin, offered a new program for the degree of Master of Arts in public administration, thus adding to the prominent educational institutions furthering specialized education for public administrators.

Temple University at Philadelphia has installed a new undergraduate department of public affairs for the training of young men and women for politics and public life. Coöperating with the faculty of the new department will be the Philadelphia Bureau of Municipal Research and other leading social agencies. The course, which covers four years, has been planned not only to attract public employees but also political scientists, individuals interested in the theory and practice of better citizenship and those who wish to prepare for government careers.

Wayne University of Detroit, Michigan, has recently announced the establishment of a school of public affairs for students in the fields of governmental, economic, and social work. This school and the Detroit Bureau of Governmental Research will coöperate closely.

At the annual conference of the International City Managers' Association a set of findings and recommendations for a comprehensive program of training made by the Association's committee on training for municipal administration were approved. Among these were the following: (1) That an informal system of public service advisers be established by the universities in order to guide the interests and ambitions of students into channels which may later prove useful to the public service; (2) That the compartmental walls of the universities be broken down sufficiently to enable the student under proper supervision to obtain the broadest possible basis of preparation determined by his special interests; (3) That a definite program be developed which will provide for the absorption by the local government service of a minimum of twelve apprentices each year; (4) That the annual conference of the association be supplemented by an annual training institute offering a short course in municipal administration; (5) That the association continue the preparation of its extension courses until it is able to offer a panel of courses covering the entire field of municipal administration.

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New York State Education Survey.—Dr. Luther Gulick, director of the Institute of Public Administration, New York City, and Dr. Samuel P. Capen, chancellor of the University of Buffalo, were named director and associate director, respectively, of the survey of educational practices and methods in New York State to be conducted under the auspices of the state Board of Regents. These appointments were made on November 14 by a special committee of the board headed by Owen D. Young.

The survey, which seems likely to require two years to complete, may bring about an extensive reorganization of public education in New York State, with considerable effect in other states as well. Experts will be appointed to inquire into financial problems, school district organization, elementary, secondary, adult, and higher education, teaching personnel, federal aid, and the State Department of Education itself. The General Education Board, a Rockefeller foundation, has granted $500,000 to carry out the survey.

*

A Twelfth Term as Mayor.—Samuel A. Carlson was elected on November 5 to his twelfth term as mayor of Jamestown, New York, defeating by a small plurality the incumbent, Leon F. Roberts, elected two years ago, whose term and that of Lars A. Larsen in 1928-9 were the only breaks in Mr. Carlson's service as mayor in twenty-six years.

*

Coöperation Through Interstate Compacts.—Interstate compacts — bilateral or multilateral, regional or sectional treaties between the states—as a means of dealing with problems of state government common to two or more states, finds an advocate in the Governor of New York, Herbert Lehman, as reported in *The United States News*.

In recommending that the coöperative system of state compacts be applied to the solution of "many different problems," Governor Lehman enumerated some of these problems: Industrial, social, tax, dairy, transportation, fiscal, crime prevention and criminal detention and apprehension. He also indicated that New York was ready and willing to undertake state partnerships for the common welfare.

An interstate compact for a 40-hour work week for labor was recommended by the Interstate Conference on Industrial Compacts at a conference attended by representatives of thirteen states held at Albany, New York. A report recommending interstate agreements for fair wage standards was also adopted.

Regional compacts between states to prevent sales taxes and other imposts of one state from resulting in a shift of business to a neighboring state free of such taxes is advocated by Governor E. W. Marland, of Oklahoma. The need for interstate coöperation for adjustment of the wide multiplicity of taxing agencies in the United States was the keynote of the recent meeting of tax administrators in Oklahoma City.

*

State Planning Boards.—A recent report of the National Resources Committee refers to the formation of forty-six state planning organizations in the short space of two years as evidence of the rapid growth of interest in planning better conservation and use of state resources. The committee's report on the progress of state planning, a part of an extended survey to be completed and made public shortly, shows that thirty-two of these new state planning groups, and the Territory of Alaska and District of Columbia, have received the endorsement of their legislatures and now have permanent planning boards. In the fourteen other states, boards have been appointed by the governors on a temporary basis.

Two interstate, or regional planning, commissions, also have been organized with the coöperation of the state planning boards in New England and the Pacific Northwest. The new state planning boards, according to the committee, fill a gap between some seven hundred city planning boards and four hundred county planning boards, on the one hand, and the National Resources Committee on the other. Coöperation among the local, state, and federal planning agencies has been facilitated through the assignment of planning consultants by the National Resources Committee to the state planning boards. These consultants have furnished information and technical aid to the state boards, which, in turn, have assisted in the development of county and municipal planning progress. Through the use of unemployed draftsmen and statistical and clerical helpers, provided by the CWA and the FERA, state boards have prepared a series of reports, or inventories, on their resources, needs, and probable future.

The methods and technique of planning developed have been an extension and expansion of the survey and planning work of city and metropolitan county planning boards and of the research and planning activities of the various federal agencies, usually in coöperation with the state universities.

Social and economic problems differ considerably from state to state, and in consequence the state planning boards have made a wide variety of studies which usually reflect the existing industrial, agricultural, and commercial maladjustments which exist in the various states.

First opportunity for the forty-six state planning boards to get together nationally over their problem of managing the new governmental function of planning will be offered at a conference on state planning administration sponsored by the American Society of Planning Officials, to be held in Chicago, December 12-13.

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Municipal Training Schools in New York State.—The following training schools for officials of cities and first and second class villages of New York State will be operated in 1936 by the Municipal Training Institute of that state, a corporation of municipal officials chartered by the Regents of the University of the State of New York, in coöperation with the New York State Conference of Mayors: Police, January and March; financial officials, February; assessors, February; public works officials, March; civil service officials, April; food inspectors, May; fire instructors, May; firemen, June and October; purchasing officials, June; city and village clerks, June; public welfare officials, September; milk and dairy inspectors, October; water superintendents and plant operators, November.

COUNTY AND TOWNSHIP GOVERNMENT

Edited by Paul W. Wager

New York State—Adopts County Home Rule.—On November 5 the voters of New York State voted overwhelmingly in favor of an amendment to the state constitution providing for county home rule, thus opening the way for the modernization of county government throughout the state. The vote was slightly better than three to one. New York City gave the amendment a plurality of nearly four to one.

The amendment provides for the reform of county government within New York City by giving the city power, through local law, to abolish any county office within its limits except that of judge, county clerk, or district attorney, and to reassign functions of county offices, with certain exceptions, to city or other county offices or to the courts. The clerks in the five counties of the city are made appointive, subject to removal, by the appellate divisions of the supreme court in the judicial departments in which the respective counties are located, and are given additional powers and duties.

The legislature is required under the terms of the amendment to provide alternative forms of government for counties outside New York City. Such forms may rearrange the governments of the counties and the units of local government within them in almost any desired pattern; but if they make changes not hitherto constitutional can become effective in a county only on submission to the voters of the county at a general election and approved by a majority of the votes cast thereon (1) in the county as a whole, (2) in every city containing more than 25 per cent of the population of the county, and (3) in that part of the county outside of such cities.

The amendment was introduced in the legislature by Senator George R. Fearon, the Republican leader, and endorsed by Governor Lehman. It was officially endorsed by both the Republican and the Democratic parties and was also supported by a strong state-wide, non-partisan committee of which Governor Lehman was honorary chairman.

Monroe County Adopts Manager Plan.—At the recent general election Monroe County, containing the city of Rochester, adopted the manager plan of government. This county is the first to take such action under the Bulkley optional county government law passed at the 1935 New York legislative session. The new charter will go into effect on January 1.

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Ohio—County Charter Elections.—Of the four county charters submitted to Ohio voters at the November election only one, that of Cuyahoga County, carried. This represented a sharp reversal of the vote of a year ago, which gave large majorities in favor of the election of charter commissions in all four cases. A number of factors contributed to the outcome. One of these undoubtedly was the conservative trend of public opinion which was evident throughout the state. A second was, of course, the opposition of party organizations. In Hamilton County the Republican party waged a bitter campaign against the charter, realizing that the extension of the manager plan to the county would seriously restrict party spoils and jeopardize the future of the organization. In Lucas County the charter campaign was entirely overshadowed by the election of the first council under the new city manager charter in Toledo. The present city administration has proved inept, while the county officials elected last year have given the county the best administration in many years, it is generally conceded. As a result, popular attention was focussed on the city election and it was impossible to conduct an adequate campaign on behalf of the county charter. In Mahoning County the charter lost by a comparatively narrow margin.

The Cuyahoga charter campaign was seriously hampered by dissension among the advocates of county reorganization. During the preparation of the charter a schism developed over the question of conferring municipal powers on the county and some of the proponents of metropolitan government withdrew their support when the charter was limited to county reorganization only. The charter cause was greatly aided, however, by a popular revolt against existing maladministration in the Cleveland city government, which resulted in the defeat of both party organizations and the election of the chairman of the county charter commission as the mayor of the city. In spite of the very limited campaign, the charter carried by about 18,000 votes. Thus, the county reorganization movement, actively launched in Cleveland some seven years ago, has finally reached its goal and the way has been prepared for a partial integration of county and municipal government by future charter amendments. The first election under the charter will be held next November.

Of the four charters submitted to the voters the Cuyahoga charter provides the most sweeping reorganization, as indicated by the author's article in the October issue of the REVIEW. Not only does it provide for the county manager plan, but for the first time it applies proportional representation in the election of the county governing body and removes all administrative offices from the ballot. The voters will elect eight county councilmen by P. R. and the council president by preferential ballot. With the exception of the prosecutor and the controller, who will be chosen by the council president and the council, respectively, all administrative officers will be appointed by the manager, whose title is county director. On the basis of the results in these four cases, it can scarcely be said that partial reorganization would have fared better at the hands of the electors than a thoroughgoing modernization of the county structure.

R. C. ATKINSON

The Ohio Institute

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Wisconsin—The Industrial Commission Given Power to Adjudicate Relief Questions between Counties.—While the bill providing for the county unit system of relief administration was turned down by the recently adjourned Wisconsin legislature, one of its most interesting features was passed in another act. Under this act it is provided that in the case of disputes between counties or between counties and other municipalities relating to poor relief expenditures, such disputes shall be taken before the Industrial Commission rather than before the courts (as has been the procedure in the past). Such disputes usually hinge upon the question of settlement and are a source of frequent litigation. Appeal from the decision handed down by the Industrial Commission can be taken to the circuit court of Dane county. Experience with adjudication before the Industrial Commission shows that it is thoroughly effective as an administrative tribunal. In all probability, comparatively few cases will be appealed from the Commission.

Way Opened to Merit System in Sheriff's Office.—County administration offers a rich field for the extension of the merit system, but a difficult one to throw open. Consequently it is a matter for satisfaction to Wisconsin citizens that the recent legislature passed an act permitting county boards to apply the merit system to the selection of deputy sheriffs. Under the new law, the county board may provide that the sheriff appoint deputies from a list of three candidates selected by competitive examination. Residence in the county is required for one year prior to appointment. The state personnel director is required, upon request of the county board, to conduct the examination and to certify the list. Persons appointed are to hold office during good behavior, but may be removed for malfeasance or neglect of duty by a three-fourths vote of the members-elect of the county board after notice and hearing. The ordinance of the county board adopting this procedure can be repealed only by a two-thirds vote of the members-elect of the board.

LEE S. GREENE

University of Wisconsin

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Virginia—Manager Sustained in Henrico County.—For nearly two years Henrico County has been operating under the county manager form of government with such efficiency and economy, or with such regard for the taxpayer rather than the politician, that the county has won a place among the best governed semi-urban communities in America.

It may, therefore, be of interest to the readers of the REVIEW to know that the voters of this county on November 5 disregarded party labels, defeated the down-the-line Democrats and by a narrow margin elected the Citizens' League candidates for the board of supervisors who had initiated the new government and had given loyal support to Mr. Day, the county manager. While the election on November 5 was not exactly a vote on the manager plan as several down-the-line Democrats apparently had been won over to the manager-government because its record could not be effectively challenged, yet the people could not forget so soon that the courthouse ring had fought the plan when first proposed, and when approved by the people these same regular Democrats refused to vacate their seats on the board of supervisors until forced to do so by the Virginia Supreme Court of Appeals.

One strong factor in the county-manager government's success in Henrico County during the past two years, and its vindication or vote of confidence in the recent election, has been the loyal support of the city of Richmond's leading newspapers—the *News-Leader* and the *Times-Dispatch.*

An excellent editorial in the Richmond *News-Leader* summarizes the election, as follows: "The old-liners made a desperate fight. They put the strong county machine in high gear; they used to the utmost the plea of party regularity; they capitalized both tradition and dissent. . . . . The Citizens' League anticipated all these clever tactics and correctly gauged the strength of its antagonists. When the League decided that it would disregard party affiliation and make its fight in the general election, some of its supporters feared it had made a mistake. Nobody will say that today. The League was as wise as it was active. . . . . Progressive voters in every district of Henrico contributed to the result. They did so by refusing to recognize the thraldom of party in local affairs, but, still more, they assured good government for their county by bringing to the polls many intelligent, well-meaning citizens who have heretofore been content to be onlookers. The participation yesterday of scores of thoughtful men and women who have previously abstained from voting in county elections was perhaps the decisive factor. Their presence at the polls was the work of the Citizens' League and its supporters."

James E. Pate

College of William and Mary

TAXATION AND GOVERNMENT

Edited by Wade S. Smith

Finance Officers Meet with Managers.—Meeting October 21-24 at Knoxville, Tenn., with the International City Managers' Association, American Municipal Association, and National Association of Tax Assessing Officials, the Municipal Finance Officers' Association centered its discussion on reports on municipal accounting, debt administration, and tax collection procedure.

The committee on municipal debt administration, Arthur C. Meyers, chairman, recommended that:

(1) The association as a group and through its individual members pursue a publicity policy to dispel the erroneous notion that the majority of cities are bankrupt; (2) During the next decade cities strive to affect a net reduction in their indebtedness; (3) The relatively new device of improvement "authority" with the power to borrow for self-liquidating projects be created sparingly; (4) City authorities themselves take the initiative in making studies to bring about the adjustment of debts where defaults exist; (5) The association take a definite, unequivocal stand against debt repudiation; (6) Further liberalization of the terms of the federal bankruptcy act which might bring about unfair settlements be opposed; (7) Wherever possible, a city carry out its own refunding operation; (8) The association go on record as strongly opposed to the tax rate limitations now being promoted; (9) The general bond code in each state should standardize the names applied to short term obligations; (10) General obligation special assessment bonds be prohibited; (11) All bonds be validated by and registered with state authorities; (12) The committee oppose the issuance of bonds in aid of private enterprise, for operating deficits, or for improvements whose estimated life is shorter than five years; (13) Smaller municipalities use serial bonds only except in the case of forced refunding; (14) Municipalities consider the use of callable municipal bonds; (15) Public officials cooperate with credit rating agencies specializing in the rating of municipal bonds; (16) Sinking fund reports show actuarial requirements and how the fund assets com-

pare therewith; (17) Statutes require that at the time bonds are issued a continuing tax be authorized sufficient to retire each maturity when due, and to meet all interest payments; and (18) State reporting of municipal debt statistics be greatly improved.

The Committee on Tax Collection Procedure, of which Raymond Edmonds is chairman, set forth the causes of tax delinquency as follows: (1) unemployment, (2) lax administration of existing tax laws, (3) a combined special and general tax too heavy for property to bear, particularly in the case of vacant property, (4) the over-assessment or inequitable assessment of property, (5) the absence of a graduated penalty or interest on delinquent taxes, (6) the failure of tax collecting agencies to make direct contact with taxpayers, (7) decreased rentals on income-producing property, (8) the payment of interest and principal on mortgages before the payment of taxes, (9) the "milking" of income-producing property by receivers, agents, and owners, (10) deliberate refusal to pay taxes, (11) erroneous description of property, (12) inadequate mailing lists which fail to disclose the proper names of owners or taxpayers, (13) the passage of legislation which tends to put a premium on tax delinquency by cancelling penalties on accumulated delinquent taxes and, in some cases, attempting to cancel the principal of the tax.

Reports disclose that the greatest delinquency as far as the number of parcels is concerned is on vacant lots. As far as the amount in dollars and cents is concerned, the volume is found on vacant lots, apartment houses, multiple dwellings, hotels, clubs, rooming houses, and flats over stores. Furthermore, a comparatively small number of property owners are frequently responsible for a large part of the delinquency.

The committee is opposed to the action of legislatures in the past few years which tends to favor the delinquent taxpayer and discourage those who formerly met their obligations promptly. The committee believes that a prompt and impartial enforcement of the tax laws against all parties alike will tend to promote better collections over a long period of time.

Many cities have used remedies not prescribed by law to further tax collections such as collections by installments, organizing tax collection campaigns, sending notices to delinquents, creating special tax departments, using special delinquent tax collectors, using special legal counsel, accumulating money through Christmas savings club plans, and many other devices.

The committee believes that certain factors tend to reduce tax delinquency and therefore recommend the following: (1) better control over the development of real estate subdivisions; (2) limit the construction of special assessment improvements so that the combined burden of general and special taxes will not be so great that property cannot be held by the owner; (3) by prompt foreclosure of tax liens prevent the accumulation of unpaid taxes; (4) the use of land courts similar to those in Massachusetts should be studied; (5) real estate must be assessed equitably, but valuations should be incontestable once established and reviewed; (6) determine the proper place of the real estate tax in the revenue system; (7) tax collectors should be appointed, the fee system of compensating collectors should be abolished; (8) installment payments of both current and delinquent taxes should be permitted; (9) tax collectors should be able to receive the rentals on delinquent properties; (10) the taxes of all jurisdictions should be combined, a separate bill made for each parcel, and the statements mailed or otherwise delivered; (11) establish a tradition of prompt enforcement of all tax laws; (12) do not pass laws waiving or canceling penalties, do not discontinue or suspend tax sales; (13) have a graduated schedule of penalties and/or interest on delinquent taxes; (14) a thorough knowledge about the types of property delinquent and the unpaid charges from general and special taxes on each parcel; (15) a carefully planned tax calendar, properly related to the budget year, date of assessment, and the maturity of debts; (16) the shortest possible time, consistent with fairness to taxpayers, should be permitted between the date of delinquency and the date of the tax sale; (17) in general, the acts governing tax collection procedure should be mandatory and failure to obey them cause for removal from office.

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Florida Cities Directed to Federal Courts.—In a decision on October 4, the

Florida Supreme Court, in the Kissimmee case, directed Florida municipalities that if they cannot pay their bond obligations they must go into federal—not state—courts to prove bankruptcy and obtain permission for partial payments. Kissimmee had attempted to pro rate its tax money, a procedure empowered by a 1933 legislative act subsequently declared invalid. The supreme court's decision is seen by some Florida observers as throwing almost all the current debt adjustment mess into the federal courts under the Sumners-Wilcox municipal debt adjustment act.

The act was recently resorted to by the town of Etowah, Tenn., which filed a readjustment plan calling for a change of maturities and a reduction of interest rates from 5½ and 6 per cent to 2 per cent per annum.

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Uniform Budgetary Procedure for Pennsylvania Counties.—Reported in the bulletin of the Pennsylvania Economic Council is the following description of the new budgetary procedure for counties in that state:

"The general assembly of 1935, by providing a uniform budgetary procedure in counties, established a practice of which the counties themselves will be the principal beneficiaries.

"Heretofore each county steered its financial course with a dearth of reliable information regarding the trends in county finance. Knowledge of whether other counties were planning to increase or decrease their expenditures came to an individual county piecemeal and by hearsay. Finance officers never knew fully what was happening; they knew only what had happened.

"The legislative act provides that each county shall compile its budget on a standard form, beginning with the budget for 1936. Copies of the budgets are to be filed with the department of internal affairs within fifteen days after the date of adoption.

"Is the trend in tax levies up or down? Are counties planning larger or smaller expenditures? Do they foresee greater or less receipts? To what extent are they planning capital improvements? How great a portion of the relief load do counties contemplate carrying? What is the trend in cash balances? How near the 'red' are our counties?

"Under the uniform budget procedure the answers to these and other questions will be known during the current year—fully one year earlier than at present."

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Michigan Stages Tax Campaign.—With an expenditure of $73,600 which brought in not less than $10,000,000 delinquent taxes, the state of Michigan resorted recently to an advertising campaign to stimulate the payment of past-due taxes.

Billboards, daily, and weekly newspapers were used to urge property owners to take advantage of the moratorium law which provided for the remission of interest and penalties on certain taxes paid prior to September 1, 1935.

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Texas' attorney general held recently that a discount plan for prepayment of taxes was in violation of the constitutional prohibition to release property or persons from the payment of taxes levied for state or county purposes.

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By drawing from the delinquent tax payments reserve, bonding a higher percentage of the welfare load, and eliminating the "cushion", City Manager Irving C. Brower expects to give New Rochelle, N. Y., taxpayers a rate of $2.79 in 1936 as compared with an even $3.00 in 1935, and still restore 5 per cent of the depression salary cuts for city employees.

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The Pennsylvania State Chamber of Commerce has recently issued a "Pennsylvania Tax Chart," in convenient four-page folder form, tabulating the statutes, bases, rates, etc., of state and local taxation.

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"Good clean copies" of the Digest of Tax Laws of Tennessee, by the State Comptroller, for the years 1897 and 1903, have recently been offered to this department by a reader. We'll be glad to place anyone interested in contact with the offerer.

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Oklahoma and New Mexico defeated homestead exemption amendments at the polls recently.

PROPORTIONAL REPRESENTATION

Edited by George H. Hallett, Jr.

The First American P. R. County.—On November 5 Cuyahoga County, Ohio, which includes the city of Cleveland and has a population according to the 1930 census of over 1,200,000, adopted the proportional representation-county manager charter referred to in this department in October by a vote of 166,181 to 148,306. Cuyahoga thus becomes the first American county to adopt P. R. for its elections. A technical legal attack is being made on the sufficiency of a simple county-wide majority for the charter's adoption, but the members of the elected charter commission which presented the charter, of which Mayor-elect Harold H. Burton of Cleveland was chairman, are convinced they are on safe ground.

The new charter will be the first to embody all the major principles of the model plan of county government recommended by the National Municipal League. Raymond C. Atkinson of the Ohio Institute, who was secretary of the Commission on County Government appointed by the Governor of Ohio, calls it "unquestionably . . . the most complete plan of county reorganization yet submitted in the United States." Arthur N. Holcombe, chairman of the department of government at Harvard University, says it "promises to open a new era in the government of American counties."

Of the four county charters voted on in Ohio this November the one which broke most sharply with established traditions of county government—and the only one which included P. R.—was the only one which carried. It would be rash to conclude that P. R. was the deciding factor, but the fact that the other charters were all open to charges of imperfection which P. R. obviated probably had some influence on the result. Professor Earl L. Shoup, head of the political science department at Western Reserve University and secretary of the Cuyahoga County Charter Commission, explained that the commission was not wedded to P. R. in advance but had been unable to find any other method of election which met certain requirements which it regarded as of great importance.

"The charter commission was more nearly unanimous on the desirability of choosing the county council by P. R." he writes, "than on any other major issue that came before it. I recall only one member as speaking against it and he was opposed in general to the scheme of government set up in the charter. This near-unanimity was all the more remarkable in view of the sharp and even cleavages on many other important questions.

"This friendly attitude toward P. R., I believe, was due chiefly to four considerations:

"The first was the desire to avoid the evil of a clean sweep in the council at any one election. Members recalled occasions not far past when the courthouse offices were cleaned out not because of popular dissatisfaction with those holding the offices but because of a national landslide against the party in power. Had the general ticket system been employed in the charter, most surely one political party would have been able to capture all the councilmanic seats.

"The second was that the P. R. system silenced the demand for the appointment of the seats between the city on one side and the suburbs and rural regions on the other. With the population ratio between these two of about 900,000 to 325,000, pressure would have been brought for provisions insuring, say, at least three seats to the suburban-rural constituency, and six to the city. This would have been a thoroughly vicious provision. Under P. R., if people insist on voting by geographical location, they may get the representation to which they are proportionately entitled. If they wish to vote for the candidates on the basis of personal merit, they may do so.

"The third is that P. R. eliminates the necessity for a run-off primary with all its waste of time and money.

"The fourth was the consideration of minimizing boss control, both of nominations and of elections. While there is no doubt that the political parties will have recommended slates of candidates, the opportunity for the strong independent to secure a quota is real and this very situation will tend to improve the character of the party slates.

"One provision of the charter particularly fitted to a large community such as this is that the candidate's name on the ballot shall be accompanied with his place of residence and business, trade or profession. No party mark or designation is permitted."

The County Charter Committee headed by Paul Howland, which sponsored the election of the charter commission under the county home rule amendment a year ago, also gave prominence to P. R. in announcing its unqualified endorsement of the new county charter. The second of its eight reasons for support was worded as follows:

"The charter provides for a truly representative form of government. Under the system of proportional representation and a county council elected at large, any substantial and like-thinking group of voters can be reasonably assured of securing representation in the county council, which will be the chief policy-determining body."

The charter carried not only in the county but, by a margin of several thousand votes, in the city of Cleveland. This is highly significant in view of the fact that Cleveland abandoned a city charter based on the same principles four years ago. Significant also is the fact that the county charter was supported by all three Cleveland newspapers and that all three had a kind word to say for P. R., though two of them had previously opposed it. The *Press* has consistently supported P. R. The *Plain Dealer* pointed out, in answer to a critic, that "P. R. makes such control by 'one district' much less probable than the present plan which the charter would supplant." The present plan is majority election at large. The *News,* in answering the criticism that the charter did not go far enough because it did not incorporate the whole county in one municipality, said "the proposed charter, although possibly falling short of the goal of a truly metropolitan set-up, is certainly a long step in the right direction. The charter provides for centralization of authority and for a small legislative body elected by the county at large and by proportional representation. Isn't that really a good beginning toward home rule?" Even Newton D. Baker, who helped to throw out the Cleveland P. R.-manager charter four years ago, gave the county charter his support (without specific mention of proportional representation).

The first election of the county council is to be held next November. This will be the largest P. R. election ever held in this country and a full vote is assured by the presidential election. Eight councilmen are to be elected by P. R. from the county at large and the ninth member, the president of the council, by the corresponding Hare system of majority preferential voting. No other county officers are to be elected at the polls, all the others being appointed either by the council or by the manager (called "county director").

Encouraged by the passage of the county charter in the city, supporters of Councilman Ernest J. Bohn's P. R.-manager charter proposal for Cleveland, referred to in this department in September, are considering bringing it to a vote in the near future either by council action or by petition.

"When Cleveland reverts to the city manager plan, as it some day should and will," said the Cleveland *Press* editorially some months ago, "it [will want] a council most likely to be interested in efficiency and economy in government, and least likely to be preoccupied with spoils. The experience of Cincinnati and other cities where the manager plan has been an outstanding success suggests that a small council elected at large by proportional representation is most likely to be that kind of a council."

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Toledo's First P. R. Election.—"The people of Toledo are to be congratulated on the new nine-man council—the first to be chosen to put into operation the city manager plan. Without exception they are men of ability, courage, and character.

"While under the proportional representation plan of voting these nine men have been elected at large, it has fortunately turned out that a number of them are particularly representative of the five natural geographical divisions of Toledo—the West End, East Side, South Side, West Toledo, and the North End. All these sections can have the satisfaction of feeling that they have personal representation.

"Of the candidates endorsed by the Labor Congress two were elected, and they are fortunately men whose experience in public affairs is such that they should prove strong additions to the council. Mr. Murphy has long been a member of the Civil Service Commission and Mr. De Angelo has been one of the stronger members of the present city council. Both these men know their way around in public affairs.

"It will be a cause of general satisfaction that the City Manager League was successful in putting in a majority of its nine candidates. It has elected five men. If the city manager plan is to be a permanent feature and a permanent success in Toledo, it is necessary that a strong continuing organization be maintained. The City Manager League is nonpartisan, well organized, well officered, and growing. Now that it has been successful in electing a majority of its candidates, doubtless thousands of other citizens, interested in nonpolitical local government, will join its ranks. The success of the manager plan in Cincinnati is due largely to the strength of such a nonpartisan organization.

"If this new council will now elect the best possible city manager, without fear or favor, it will be 'forward march' for Toledo."

Thus did the Toledo *Blade* describe the outcome of Toledo's first P. R. election in a front-page editorial headed "A Strong Council" on November 14. The representation of different areas as well as different interests that the *Blade* refers to is one of the almost invariable results of the Hare system of P. R. The *News-Bee* and the *Times* also praised the results.

The representative character of the council may be emphasized by the following brief description of the nine councilmen-elect, listed in the order of their election:

> *David H. Goodwillie,* City Manager League, independent Republican, executive vice-president of the Libbey-Owens-Ford Glass Company, the only candidate to be elected on first choices;
>
> *John Q. Carey,* City Manager League, "New Deal" Democrat, attorney and state representative;
>
> *Addison Q. Thacher,* marine contractor and former mayor, elected as an independent;
>
> *Philip F. Murphy,* Labor Congress candidate, printer for the Toledo *Times* and member of the Civil Service Commission;
>
> *Edward A. De Angelo,* Labor Congress candidate, president of the De Angelo Sign Company, present councilman;
>
> *Ray C. Start,* City Manager League, druggist;
>
> *Frank I. Consaul,* City Manager League, rental manager of the Metropolitan Mortgage Company, former city engineer;
>
> *Charles D. Hoover,* plant foreman at the Electric Auto-Lite Company, present vice-mayor, elected as an independent with the backing of Mayor Solon T. Klotz, who also ran for the council but was defeated;
>
> *Aaron B. Cohn,* City Manager League, manager of Selected Investments Company, former judge of the municipal court.

The runner-up was Ollie Czelusta, Polish attorney endorsed by the City Manager League, who missed election by four votes but expressed complete satisfaction with the accuracy of the result.

The count was conducted for the board of elections by William E. Galvin of Toledo, with Frank Segur and G. Burman Curry, secretary of the Toledo Commission of Publicity and Efficiency, as his chief assistants. Mr. Galvin developed a new plan of organizing the count, which worked well, and conducted it with unquestioned accuracy and efficiency. There were fifty-eight candidates in the field, an unusually high number, but under the Toledo rules it was possible to defeat twenty-nine of them at once because they failed to reach the required minimum of five hundred on the first count. Unfortunately the hotel dining room that was hired for the count and the size of the counting force were too small to attain the maximum speed which the simplified P. R. rules made possible, but the public had been prepared for more than the eight days actually consumed and so did not react unfavorably to the delay. Public interest in the count was displayed by large crowds in attendance from beginning to end.

The total vote cast was less than expected, 69,205. Replying to the ready charge of opponents that P. R. was responsible, the Toledo *News-Bee* pointed out editorially that Detroit, with a hot mayoralty fight under the old system, had a much lighter vote than Toledo in proportion to its population. "Whatever can be said for or against P. R., and we think there is always much more to be said for than against," the *News-Bee* continues, "you can always depend upon it that this system of voting will be honored with the opposition from those who want a vote which can be neatly organized and controlled by the political bosses."

The total invalid and blank vote was 2,623, or 3.8 per cent, which Mr. Galvin from extensive experience with other elections characterized as an amazingly small number under any system of election.

All the successful candidates except one attained the quota of 6,659 ballots. Mr. Cohn finished just short of it, with 6,467. Practically 90 per cent of those who cast valid ballots helped elect councilmen for whom they had voted.

*

Other P. R. Elections.—Three other cities elected councilmen by P. R. on November 5.

In Cincinnati the City Charter Committee, the anti-spoils organization which secured the city's present charter and has been responsible for ten years of phenomenal good government under it, failed to elect a majority of the council for the first time under P. R. The one place which the Charter Committee lost, however, went not to the Republican organization which dominated the city under the old regime, but to an independent candidate, Rev. Herbert S. Bigelow, chairman of the state constitutional convention of 1912 and one of the original crusaders for Cincinnati's present charter.

In Hamilton, Ohio, the nonpartisan slate sponsored by the charter commission which drew up the present P. R.-manager charter captured six places out of seven, something like a world's record under P. R. That means that at least three-quarters of the voters in Hamilton are satisfied—and with good reason—with the brand of government the city has been getting for the last eight years under its present form of government.

The other city which elected P. R. councilmen is Boulder, Colorado, which has used the system every two years since 1917.

Fuller accounts of these interesting elections will be given in this department next month.

GOVERNMENTAL RESEARCH ASSOCIATION NOTES

Edited by Robert M. Paige

Taxpayers Research Bureau of Utica.—The first annual meeting of this Bureau was held on October 29. John W. Nowland, director during the past year, discussed the work of the county purchasing agent, the city budget, the proposal to build a convention hall, tax collections and tax penalties, cost of garbage collection, and other matters.

Mr. Nowland attended every meeting of the city board of estimate and apportionment when the 1935 city budget was being formulated. This year's budget resulted in a reduction of $2.03 per thousand in the tax rate. Information gathered by the Bureau, showing that practically all publicly-owned convention halls and auditoriums are being operated at a loss, helped to postpone indefinitely further consideration of the proposal that Utica build such a "white elephant."

The Bureau analyzed the cost of garbage collection and determined that with the bids received the city will save from $8,000 to $17,000 a year by doing the collecting itself. The Bureau is considering at present the question of the sheriff being paid a straight salary instead of permitting him to retain fees, the reorganization of the police pension plan, the cost of street cleaning, and the 1936 city budget.

*

Citizens Bureau of Milwaukee.—The Bureau has recently suggested that the five separate taxing bodies in the city of Milwaukee (city, county, sewerage commission, school board, and board of vocational education) meet together for joint hearings on the 1936 budgets. Some of the common problems of these independent jurisdictions as listed by the Bureau are:

The financing of unemployment relief. If the federal government reduces its contribution for this purpose should funds be raised locally by taxation or by borrowing?

Uniform hours and pay for all public employees. The five taxing bodies have adopted varying policies in regard to working hours, Saturday holidays, pay cuts, and pay-cut restorations.

Consolidation of certain services. The Bureau believes that the following recommendations of the officially authorized joint committee on city-county consolidation could be acted upon immediately: (1) merge the two planning commissions of the city and county, (2) merge the two civil service commissions of the city and county, (3) merge the two safety commissions of the city and county, (4) merge the two park commissions of the city and county, (5) merge the two systems of city and county stray animal disposal, (6) merge the collection of the city's and county's share of delinquent taxes and spare the taxpayer the inconvenience of going to the city hall and then to the court house to pay what should be one bill.

County aid for streets. Should a policy be inaugurated for using county-trunk-highway-funds derived from the gasoline tax and automobile license fees to pave those city streets which form connecting arteries to the county highway system?

Combining of the offices of alderman and county supervisor. The people of Milwaukee voted in an advisory referendum four to one in favor of this combination but the legislature defeated the necessary enabling legislation. Plans should be made for trying again to carry out the people's mandate.

Issuance of bonds by the county, the sewerage commission, and the city water department. The city and the school board have adopted a strict pay-as-you-go policy for financing capital improvements. The city is building up an amortization fund which eventually can be used to finance improvements. A joint meeting of the members of the five taxing units might well consider whether the county, the sewerage commission, and the water department should not adopt the principle of pay-as-you-go.

The Bureau coöperated with the joint committee on consolidation which issued a series of twenty-eight reports during the period of October 1934 to August 1935. The first series of fourteen reports has been printed in pamphlet form, and the second series of fourteen is about to be printed. Mrs. Paula Lynagh of the Bureau's staff directed the twenty-one WERA workers who gathered the basic data for the joint committee. The surveys will be started again under a similar arrangement as a WPA project.

*

Bureau of Governmental Research of New Orleans.—At the recent annual meeting of the Bureau, the director, Harold A. Stone, presented a report dealing with the Bureau's activities during 1935. Briefly summarized, this report listed the following activities and accomplishments:

Prepared a home-rule charter for New Orleans and drafted amendments to the state constitution providing for municipal home rule;

Secured a reduction of $200,000 in 1935 expenditures after submitting a report to the commission council pointing out possibilities of saving $350,000 in twenty items;

Recommended that the safety council be eliminated at a saving of $3,150;

Investigated the proposal to erect a fire and police station on Carrollton Avenue;

Obtained a change in the type of brake tag used by the city which will save about $15,000 annually;

Advised with certain members of the school board on personnel problems;

Submitted Bureau's police report to the new state police board;

Informed the public of the true financial situation of the city when the federal court took charge of the city's fiscal affairs;

Aided the *London Daily Telegram* and the *Christian Science Monitor* in preparing news stories on conditions in Louisiana and New Orleans;

Submitted information to the commissioner of finance, on request, on the problem of issuing scrip;

Prepared report on the operation and maintenance of public buildings which contained sixty-five recommendations which would save about $45,000 annually or approximately 20 per cent of present building maintenance costs;

Proposed a joint, coöperative system of purchasing of materials and supplies which would save about $25,000 annually;

Proposed PWA project for the construction of six new police stations;

Asked the commissioner of finance to have an independent audit made of the city's finances;

Designed a new tax calendar which when adopted should save about $400,000 annually to the city and the schools; and

Advised and assisted the school survey committee.

*

Tulsa Bureau of Municipal Research.—Organized in April 1934, this is one of the newest "bureaus of municipal research" in the country. Although less than two years old it already has a series of constructive achievements to its credit.

In May 1934, with the advent of a new city administration, the Bureau negotiated a settlement between the city and several oil companies which had been contesting their tax bills. This settlement released a large sum of money which had been impounded by the court and materially improved the city's financial condition.

The Bureau's analysis of city finances and operating requirements, and discovery of a surplus in the city's sinking fund resulted in a reduction of 4.22 mills in the city tax rate. Recommendations of the Bureau also were accepted by the county officials resulting in a reduction of .83 mills in the county tax rate.

The Bureau renders a special service to the member banks of the Tulsa Clearing House Association by preparing at frequent intervals statements showing the financial condition of the county, city, and board of education.

Studies are now being made looking towards a thorough-going revision of the charter of the city of Tulsa.

*

New Haven Taxpayers, Inc.—Since the organization of this municipal research agency in July 1933, twelve major reports indicating means of effecting large economies in city activities have been prepared and submitted to the city administration. Every dollar spent in research by this agency resulted in the formulation of definite recommendations for saving about $30 annually in a normal year in the operation of city services.

During the past twelve months the association's staff has completed reports dealing with the following subjects: installation of modern budget set-up, improving the official Yearbook of the city, the administration of the offices of town and city clerks, the administration of the function of tax collection, needed improvements in the police department, registration and election procedure, old-age assistance tax and personal tax, school building capacities, the form and content of the controller's quarterly reports, and the adequacy and cost of fire protection (cost of the last mentioned report is $1.50). While not all of the recommendations made by this bureau have been adopted, there is sufficient evidence of official coöperation to offer ample encouragement.

The following have been influenced by the recommendations of the bureau: police radio cars are in use, vacancies in the police force are being left unfilled, and recording improvements have been made in the traffic bureau. The 1934 Yearbook, containing the official reports of the city departments, has been prepared in a more concise and readable form at a cost of only one-quarter the cost of former Yearbooks. The city budget is now arranged in such a way that it can be more readily understood. The controller has adopted a new form for his quarterly reports. By discontinuing the printing of voting lists shown to be unnecessary, election officials have saved the city a considerable sum. The installation of loose-leaf books and card files to take the place of bound volumes in the offices of the town clerk, registrar, and tax collector, has resulted in a saving in labor costs. A bill permitting the use of photographic equipment for copying records in the town clerk's office was supported by the bureau, and passed by the 1935 session of the Connecticut legislature. Large savings can be achieved by the use of this equipment. The fire department has modernized part of its record procedure. The Board is studying proposed changes. Purchase of a new piece of apparatus was decided against.

New Haven Taxpayers, Inc., has an exceptionally large paid membership. Its 1760 supporters represent considerably more than one-third of the property on the city's tax roll. The executive director is Paul B. Wilcox.

*

Los Angeles County Bureau of Efficiency.—The 1934-35 annual report of the Bureau has recently been released. During the year the bureau handled 351 assignments as compared with 241 assignments during the preceding fiscal year. A few of these studies selected at random from the Bureau's report may be briefly summarized as follows;

Probable Effects on the County Government of the Proposed 80-cent Tax Limit Amendment No. 1. This was an analysis of the effect on the operation of county functions should a tax limit of 80 cents be placed on the levy for general county purposes.

Health Insurance for Doctors and Nurses in the Charitable Institutions. A report on the practicability and economic effect of the adoption of a plan insuring physicians and nurses against the contracting of infectious diseases in the course of their employment.

Report on the Teletype Maintenance Contract. An analysis of a contract between the county of Los Angeles and the Sierra Equipment Corporation for the maintenance of the teletype machines operated by the sheriff.

Figures Relative to the County Jail and

Detention Camps. A report showing costs of operating the county jail and detention camps, the work done by prisoners at the detention camps and a comparison of county costs with private contract prices on the same class of work.

Cost to the County of Assessing and of Collecting Taxes for the Various Municipalities Within the County. An analysis of the cost to the county of assessing and of collecting taxes for the various municipalities within the county and a comparison of the cost with the revenue received for rendering this service.

In addition to completing many assignments similar to those outlined above the Bureau furnished the board of supervisors with a great deal of data necessary for the preparation of the annual budget, gave careful consideration to the reports of the 1934-35 grand jury, conducted certain phases of the purchasing department hearing as ordered by the board of supervisors, and prepared the annual salary ordinance.

During the past year the Bureau's staff has consisted of twelve full-time employees in addition to the four student investigators who were serving "apprenticeships" with the Bureau, and the secretary of the special committee on governmental simplification and his two assistants. The Bureau's budget totaled $42,000. Harry Scoville, director of the Bureau since 1931, continued to serve in this capacity.

*

St. Louis Bureau of Municipal Research.—The Bureau has been reorganized and its name changed to "Governmental Research Institute." The reorganization was undertaken so as to facilitate the extension of its field of endeavor to include work in the county and state governments. So many requests have been made to the Bureau for studies in county and state governments that the Bureau's governing committee felt plans should be made to undertake such work in those fields as could be financed.

The new Governmental Research Institute has been incorporated, a new board of trustees has been elected, and by-laws have been adopted. A campaign to raise a suitable budget for 1936 will start about the first of the year.

Carter W. Atkins will continue as director of the new organization, the Bureau's staff will be retained, and all the property of the former Bureau will be transferred to the new organization.

The work program tentatively planned for next year will be considerably more ambitious than those which have been undertaken during the last two or three years. In addition to the usual studies and activities dealing with the city budget, debt costs, and relief financing, it is contemplated that studies will be made of the city's public works program, the sources and methods of administration of miscellaneous revenues, and personnel administration. A survey of the business administration of the schools is also contemplated, as well as an extensive survey of the government of St. Louis County. In the state government, it is expected that a study will be made of administration of old-age pensions and other phases of the social security program, including a study of taxation necessary for those purposes.

STATE REORGANIZATION

(Continued from Page 669)

such a council under the model constitution was to collect information for the legislature, to prepare bills with recommendations, and to submit reports, bills, and recommendations to the legislature. Wisconsin has created a legislative council, in view of the necessity of studying major changes in state policy. Kansas created, in 1933, a legislative council of fifteen representatives and ten senators. It is an agency to study administrative structure and techniques, and to suggest legislation for improving state and local administration. It has been very active. Michigan created an executive council in 1933, but experience with it has not been altogether happy, to say the least. Such a legislative council has no authority in state government to enforce its views other than cogent argumentation. It may accumulate prestige as it goes along, but the bicameral committee system of the bicameral state legislature has been our traditional method of sifting legislation. It will take some time to develop legislative councils whose recommendations will be frequently accepted in principle if not in detail. In this matter, state government is groping forward to a new scheme of relations between governor and legislature, and no one can predict how far we shall go. Should the unicameral legislature win more converts, the legislative council idea should be wheeled into place as well and given a chance to demonstrate its worth.

PROGRESS MADE

Looking facts in the face, we are still a long way from the model state constitution, but here and there its tenets have been put into practice by the states. The amendment of state constitutions is no easy matter. The American electorate is more favorably disposed to amendments submitted by state legislatures than to those submitted to it by the constitutional initiative. In the years from 1900 to 1929 about 1800 amendments were submitted by legislatures and of these, 60 per cent were passed. This was due, however, to the fact that the mass of these submitted amendments dealt with inconsequential details against which no great opposition could be aroused. While reform comes slowly, much too slowly for the reformer, we are a democracy and not a dictatorship. Able and forceful leadership is necessary to convince the people that reforms are to their advantage. This is democracy's solemn obligation. Today, as in 1906 when he delivered them, these words of Elihu Root ring true: "The true and only way to preserve state authority is to be found in the awakened conscience of the states, their broadened views and higher standard of responsibility to the general public; in effective legislation by the states, in conformity to the general moral sense of the country; and in the vigorous exercise for the general public good of that state authority which is to be preserved."

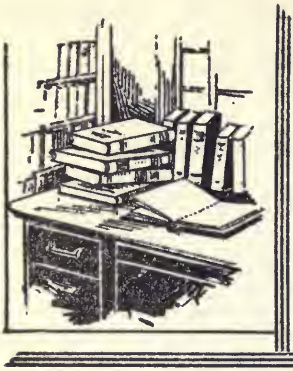
Editor's Note:—Address delivered November 25, 1935, at the Forty-first Annual Conference on Government of the National Municipal League at Providence, R. I.

THE FIFTEEN MILL LIMITATION IN MICHIGAN

(Continued from Page 677)

an additional complication to local finance. During the next ten years, while taxes for 1932 and prior years are being liquidated, the full effects of the limitation may not be felt in many of the localities. If additional pressure develops, however, it will probably become necessary to raise the limitation for cities or to expand the system of state aid; under the latter alternative, the state would have to levy new taxes.

Editor's Note:—Address delivered November 26, 1935, at the Forty-first Annual Conference on Government of the National Municipal League at Providence, R. I.



RECENT BOOKS REVIEWED

EDITED BY GENEVA SEYBOLD

The Political Clubs of New York City. By Roy V. Peel. New York, G. P. Putnam's Sons, 1935. 360 pp. $3.00.

"Children: Isn't it lovely for the Republican Club for the Fifteenth Assembly District to give these May parties every year for the fine children of the district who when they grow old enough to vote will become staunch and ardent Republicans—members of the best political party that the world has ever known?"

Professor Peel attaches the name of the individual who made the address and designates the name of the political club sponsoring the outing but any close observer of political drama could duplicate it from his own experience. Throughout the reading of Professor Peel's absorbing book recurs the flash of recognition. It's the way things are and aren't people funny that they may be pulled this way and that by very obvious machinations!

In his search for material the author or his investigator visited every type of political club in New York City. In some he was not welcome and after trying the front door without success he got in through a building on the opposite side of the block. Or he walked right through the reception room and climbed the stairs until he found the boys, pinochle cards on the table, derby on the head, who were the heart and soul of the organization. The important thing is that Professor Peel got there and in his book gives inside information.

He is almost brutally frank. "The first objective of the political club is to advance the political fortunes of the leader or organizer or, in some cases, of a small group of men who exercise leadership functions jointly. The second objective is to improve the political opportunities of the group who compose the club membership. The third is to develop loyalty to the party and, as a consequence of this loyalty, to serve the political interests of the group composing the party, including those of the club group. . . . The political education of the masses is not even a secondary objective of New York's major political clubs."

They operate not only during electoral campaigns but are active continuously. Social activities, formal and informal, rank first with respect to the distribution of time allotted them, followed by welfare, political, socio-political, politico-educational, and civic in the the order named. The club should not be adversely criticized on this basis, remarks Professor Peel. "It is not the distribution of time devoted to the various activities which is faulty, but rather the manner in which these activities are conducted." For example, he points out, "The funds, the supplies, the jobs and the concessions which the political clubs use in performing the civic-charitable functions are derived from public taxation, levies on wrong doers, collections from the poor, profits on illegal enterprises and rarely, if ever, from gifts from public-spirited citizens of wealth. Consequently there is no reason why an intelligent, alert citizenry should tolerate this condition."

After discussing through citation of examples the types of activity in which political clubs are engaged, Professor Peel points to the anti-social activities of some of them. The place of gambling, drinking, racketeering and other evils in the scheme of political clubs is portrayed candidly. The book is an eye-opener to the idealist and a handy source book for the civic worker who would be armed with facts.

*

Local Government and Finance in Minnesota. By William Anderson. Minneapolis, University of Minnesota Press. 355 pp. $3.00.

Professor Anderson has for several years been one of our most competent writers on local government and finance. His textbook of American City Government has provided many students with their first introduction to the subject. The appearance of his new volume on this important and timely subject is, therefore, of special interest. Although the study is localized in Minnesota it is of value to those interested in local government in other parts of the country.

Minnesota is not a typical state in its local government setup and it is far from being a model one. It is one of the most burdened states in the union with a multitude of local governmental units. In 1930 there were in the state 10,561 such units or one for every 243 persons. There are in addition hundreds of subsidiary areas, districts, boards, and joint authorities. "Minnesota has more town governments by nearly four hundred than any other state in the union. Only five states, Illinois (12,186), New York (9,504), Missouri (9,211), Kansas (8,722), and Wisconsin (7,790) have more school districts than Minnesota, and all these states except Kansas have considerably larger populations."

To one not born to the township and school district system, such a set-up appears extravagant, inefficient and highly unnecessary. Professor Anderson is much more tolerant. His conclusion is as follows:

"There is no need to abolish any whole class of local units, not even the much-condemned towns and school districts. The number of counties might profitably be reduced through the combination of the smallest and weakest ones with their neighbors. . . . In the less populous northern counties, towns might be abolished . . . and all the town services be delegated to the county. . . . Among school districts the need is for consolidation into units large enough to provide complete schooling through the twelve grades. . . .

"There will be readers who will be surprised [the reviewer is inclined to be one of them] that the author does not advocate immediate and wholesale abolition of towns and common school districts. As far as towns are concerned it seems that, although for administrative reasons some of their more important functions should in time be transferred to other units, they may still have useful functions to perform in the political life of the people, and as centers for the formation and expression of public opinion on questions of local concern. The common school districts, although too small for good school service, should be eliminated only gradually, as the people are shown the advantages of more populous and wealthier units."

It seems to the reviewer that the claims for the town as an expression of local democracy are frequently over-stated by persons residing in town and township states. It is at least debatable whether the citizens of Maryland and Virginia counties, unharassed by towns and autonomous school districts, do not enjoy as great a measure of local democracy as the rural citizens of Minnesota, Illinois, and New York.

State control of local finance and state aid are two of the knottiest problems in the field of state and local relationships. Professor Anderson's treatment of these subjects is of special interest and value.

Mabel L. Walker

*

Uniform State Action. By W. Brooke Graves. Chapel Hill, N. C., The University of North Carolina Press, 1934. 368 pp. $3.50.

When Mr. Graves completed his manuscript "Uniform State Action" the New Deal was still in its infancy. The rapidity with which it has fulfilled his predictions that expansion of federal control would inevitably take place if the states did not act coöperatively to the fullest extent of their powers has perhaps surprised even the author. Federalization of the most important functions of government is the only alternative, he says, to some form of uniformity in legislative, administrative, and judicial fields.

In his rôle as "reporter, rather than advocate," Mr. Graves describes and evaluates the work being done by hundreds of organizations to bring some order out of the conflicting mass of state laws and their judicial interpretation. He surveys the scope and analyzes the significant possibilities of interstate action in those problems universally subject to state regulation as well as in those matters of common concern to a particular region, such as river and harbor control or regulation of oil production. As conspicuous examples of the need for uniform state action, the author points to the divorce laws and to legislation relating to the operation of insurance companies. There are many others. On the other hand, there are some problems of a purely regional nature where universal uniformity would be unnecessary if not actually harmful to efficient government supervision.

A five-point program to hasten uniform action is outlined in the last chapter of the book. It provides for education of public officials and citizens alike to the necessity for prompt reform. Students will find helpful the classified list of national and sectional organizations of state administrative officers who are attempting to iron out the differences in state regulations. The book is full of valuable reference material and suggestions for action.

*

Developing America's Waterways. By Marshall E. Dimock. Chicago, University of Chicago Press, 1935. 123 pp. $1.50.

The Secretary of War wanted an impartial opinion concerning the efficiency and economy of the Inland Waterways Corporation which, in 1934, had existed for ten years under the jurisdiction of his department. Marshall Dimock, associate professor of public administration at the University of Chicago, was therefore asked to submit a confidential report based on a thorough and analytical survey of the corporation's management and work. The publication of Professor Dimock's conclusions constitutes the fourth volume of Chicago University's series of studies in public administration.

The author says that inland water transportation, as carried on by the government-owned and operated federal barge lines, is economical and efficient. Even greater economy would result, he believes, if the government were to assume control of all forms of transportation—railroads, trucking companies, and steamboat lines. Coördination of their activities would bring about the cheapest and most efficient transportation possible.

Professor Dimock concludes that "the federal government's operation of the federal barge lines is a direct benefit to medium-sized and small industry and is one means of checking an undue concentration of corporate power."

The last half of the book outlines methods for administrative improvement within the Inland Waterways Corporation. It may be described as an "efficiency audit" which points out the failings in the present system, then advises how they may best be overcome. Removal of the corporation's headquarters from Washington to New Orleans, the great center of inland shipping, is one suggestion for greater efficiency in administration. A postscript, added just before the report was published, shows how the War Department hastened to act upon several of the suggestions.

*

Politics, Pressures and the Tariff. By E. E. Schattschneider. New York, Prentice-Hall, Inc., 1935. 301 pp. $2.50.

"To manage pressures is to govern; to let pressures run wild is to abdicate."

The author assumes that there is a direct connection between economic interest and political behaviour and that the nature of public policy is the result of "effective demands" upon the government. His study proposes to show why, of the many economic groups affected by a certain policy, certain are able to make their demands effective. The vast amount of testimony collected during the public hearings on the Hawley-Smoot tariff bill provided the material for examination.

"Just as a few politicians monopolize the politics of votes and elections and patronage," Professor Schattschneider found, "so a few highly political business groups tend to monopolize the non-voting pressure politics of economic interests." Because of the inertia of the masses the few control the process at the expense of the many.

Legislative committees, he feels, have not been sufficiently concerned regarding whether or not groups appearing before them were genuinely representative. Frequently a group has exaggerated its importance and unanimity. Insiders—highly organized groups having legislative agents and staffs permanently located in Washington—have an advantage over those less closely in touch with what is going on. To lessen this advantage the author suggests that the public authorities take energetic measures to notify and warn interests affected by contemplated action of the government and that in addition to those agents who come to them voluntarily, they summon witnesses.

To stop the leakage of special information to favored interests, it is necessary to build up "a career civil service with a strong corporate sense, able to resist the temptation to accept private employment" and "it may be necessary to enact drastic and comprehensive official secrets legislation and to prohibit practice before the executive departments and the committees of Congress by former government officials."

The American form of government places a premium on pressures and it is therefore the more necessary to control them.

*

A Century of Municipal Progress, 1835-1935. Edited by Harold J. Laski, W. Ivor Jennings, and William A. Robson. London, George Allen & Unwin Ltd. 1935. 511 pp. $5.

Passage of the Municipal Corporations Act of 1835, which made reorganization possible, marked the beginning of a new day in English local government. So tremendous have been the changes within the century that has since elapsed that the National Association of Local Government Officers has seen fit to sponsor the publication of a volume summing these up and interpreting the work of local government authorities today in the light of past achievement.

During the century communities have been literally pulled out of the mire, the highways cleared of sewage and garbage. The infantile mortality rate has been reduced by three-quarters; the incidence of small-pox and fevers, once common everywhere, today is very low. Similar progress in transportation, housing, and civic planning, schools, public libraries, museums and art galleries, police protection, poor relief, public utility services and methods of administration of government is related by authorities in their various fields. A chronological table of the most important Acts of Parliament affecting local government during the last hundred years presents a quick picture of legislative developments.

Many will find a final chapter on the outlook for local government in England the most interesting. Dr. William A. Robson who undertook the forecast believes the creation of a suitable government for metropolitan areas one of the most urgent questions of the day. He expects a vast expansion in scale and scope of various governmental services, particularly in public health, education, and housing. He thinks a universal municipal hospital service will one day be provided without charge to every citizen. The city council will become "the focussing point and radiating centre of a whole series of recreational and cultural activities. It is not difficult to imagine municipal theatres and opera houses, municipal concerts, municipal orchestras, municipal cinemas, pageants, exhibitions, lectures, festivals, commemorations of all kinds."

He foresees, too, a great stream of municipal activity in the direction of industrial enterprise—municipal milk supply, municipal bakeries, laundries, publishing departments, brickworks, clothing factories, restaurants, hotels. A national planning agency, he thinks, will be set up to handle the broader aspects of planning. Local authorities and the central government will become more closely integrated. Whether the future trend of society lies in the direction of socialization or state-supported capitalism, he predicts an expansion of local government which "is likely to remain firmly established as the most effective instrument of social welfare in our national life."

There is no royal road to good government. Elections cannot be carried except by organization. The professional politicians of both parties are thoroughly organized. The machines which seek control of the city for selfish reasons are organized. If good citizens and taxpayers want to exercise an influence in the government of their city, they must be organized. And if you say it's a tough job to organize, stay organized, and keep fighting for election after election, my answer is, "Eternal vigilance is the price of liberty."—WALTER J. MILLARD, *Field Secretary, National Municipal League, at its Forty-first Annual Conference on Government.*

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Municipal Control of Retail Trade in the United States

By The BUREAU FOR RESEARCH IN MUNICIPAL GOVERNMENT, HARVARD UNIVERSITY

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United States Bureau of Foreign and Domestic Commerce

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Foreword

This study of Municipal Control of Retail Trade in the United States, prepared by Dr. Franklin W. Ryan, is particularly timely. It is a pioneering effort in a field of much current interest, and the Bureau of Foreign and Domestic Commerce is glad to recommend its study by those interested in or affected by municipal control over retailing.

American cities are unique among the world's municipalities in that they have greater freedom in self-government than can be found in most other nations. This freedom enables them to design local regulations for trade which are closely attuned to local conditions.

* *

Local laws, written and passed in the common interests of retailers and consumers, serve the dual purpose of elevating the competitive level of retail trade and of assuring consumers that they can trade in a well organized and administered market.

This study presents a list and a description of the chief features of a number of sample municipal ordinances which contain suggested standards. Many cities have well worked out ordinances dealing with retail trade which are functioning smoothly. On the other hand, some cities are laboring under difficulties born of inconsistency and lack of direction or coördination in respect to their retail trade relations.

* *

This study was conducted by Dr. Ryan under the direct supervision of The Bureau for Research in Municipal Government of Harvard University. A wealth of valuable material is presented, and although the Bureau of Foreign and Domestic Commerce had no part in its assembly or analysis, and to this extent, of course, is not in a position to officially endorse all statements and figures contained in the report, it is believed the study is a forward step in a field of increasing importance to producers, distributors, and consumers of the country, and to those responsible for the laws of our municipalities controlling retail trade. To this end, its careful study is recommended.

N. H. Engle, Acting Director
Bureau of Foreign and Domestic
Commerce

Introduction

THIS study of the problem of municipal control of retail trade, based upon a comprehensive, national research in this field, was undertaken in 1933 by the Bureau for Research in Municipal Government in Harvard University, under a grant of Rockefeller Foundation funds through the Harvard University Committee on Research in the Social Sciences.

The study was motivated by the fact that the relations between local government and business are growing rapidly in extent and complexity and that they have not been subjected to the scrutiny which their importance appears to warrant. This is in sharp contrast to the field of federal and state relations to business, which has attracted so large a measure of popular and research interest. It was also felt that the subject offered a further opportunity to demonstrate the advantage of combining the techniques of two of the major social sciences, modern business administration and political science, in the handling of materials common to each.

In undertaking this work the Bureau was confronted with the problem of finding a research associate whose training and experience in both business and government were such as to qualify him for the work of collecting, evaluating, and organizing the necessary material. This man was found in the person of Dr. Franklin W. Ryan. Dr. Ryan is a graduate, and a former member of the teaching staff, of the Harvard Graduate School of Business Administration, has held various executive positions in large business organizations which have brought him into close contact with governmental regulations, is a widely known publicist, and is at present with the United States Government in Washington, D. C., as senior economic analyst of the Federal Home Loan Bank Board, the Home Owners' Loan Corporation, and affiliated corporations. To Dr. Ryan's ability and conscientious effort must be attributed the primary responsibility for such value as this study may possess.

The Bureau for Research in Municipal Government has had the advantage of the generous interest of the Graduate School of Business Administration in Harvard University, of the staff of the Harvard University Committee on Research in the Social Sciences, and of the United States Bureau of Foreign and Domestic Commerce, as indicated by the foreword prepared by N. H. Engle, its acting director. Space precludes specific acknowledgment of the assistance so freely given by chambers of commerce, local and state municipal bureaus, business executives, mayors, and city clerks in more than four hundred cities and towns throughout the United States.

The study, in its present abbreviated form, does not purpose to give a final or definite answer to many of the perplexing questions raised by the relations of municipal corporations to trade mechanisms. It is hoped that the analysis presented may throw added illumination upon an important subject heretofore partially obscured, and that the methods used and the facts produced may stimulate further inquiry.

In orienting this study of local government control of retail trade, Dr. Ryan departs from the conventional methods and categories and develops a new approach to the subject by which there is first presented a list of all the elemental activities of marketing as found in operation in retail stores, and then each activity is checked to see what is typically done by municipal corporations to control it. By this pragmatic and inductive procedure, there is developed a measurement of municipal control of retail trade in terms of business elements.

There is next developed another system of measurement by which each type of retail store is checked against existing municipal ordinances. This reveals the approximate extent of control and shows that about half of all classifications of retail stores are typically subject to municipal ordinances, while the other half are not.

Next, based upon more than one hundred different kinds of municipal ordinances, there is developed a list of ordinances to control retail trade which are generally considered necessary and desirable in any American city. This list has been checked by leading retail trade boards, merchants associations, and chambers of commerce and, in its final form, has received wide approval. Control, to be effective, must be administered. Thus, there is presented a study of mechanisms and devices of municipal control of retail trade.

Space considerations in this abridged report have necessitated the elimination of chapters on subjects such as the municipal control of food regulation and inspection, zoning regulations for retail trade, the history of municipal control of retail trade, and others.

MILLER MCCLINTOCK, Director
Bureau for Research in Municipal
Government, Harvard University

September 1, 1935

"It is the city government which most intimately concerns itself with the basic activities of the people, which twenty-four hours a day guards the food they eat, the air they breathe, the water they drink." **Daniel W. Hoan,** Mayor of Milwaukee; President, United States Conference of Mayors

Municipal Control of Retail Trade in the United States

A composite picture of typical or characteristic local practice in cities of 30,000 or more

FRANKLIN W. RYAN, *Research Associate*
MILLER McCLINTOCK, *Director*

Bureau for Research in Municipal Government, Harvard University

CHAPTER ONE

OBJECTIVES

THE objectives of this study are: (1) to describe, classify and analyze the different types and forms of ordinances and other devices used by American cities for the control and regulation of retail business; and (2) to make the presentation concrete by the results of research into the actual procedure as found in various cities. On the basis of this study and research, a composite picture is presented of what may be called typical or characteristic local practice as regards municipal control of retail trade in cities of 30,000 population or more. Smaller cities, even as small as 10,000 population, are not excluded from the study, however. They are important for purposes of perspective.

Municipal government is not the only form of governmental control over local trade. The inquiry must bear in mind the instances where federal and state governments exercise direct local control within a city. Main emphasis in this study, however, is on municipal control. Furthermore, it must always be kept in mind that a city government is a municipal corporation and the creature of the state and that all power which a city exercises in the control of business was given or delegated to it by the state, either expressly or by implication, and that every city is responsible at all times to the state. From this point of view, Chicago's local government must be considered in the light of the legal philosophy underlying the entire system of municipal government in Illinois. In discussing local government in Boston, attention must be given to both the powers granted to the city by the state and the powers reserved by the state. Municipal control in St. Louis must be analyzed in relation to the government in Missouri.

These points were recognized in the selection of the original list of cities for study. Since municipal control is always state-created, it was desirable to select not only a wide variety of cities but also a wide variety of states. The original list selected for special study was as follows:

*New York City
*Philadelphia
*Chicago
*Buffalo
*Newark
*Washington
*Providence
*New Haven
*Baltimore
Norfolk
*Richmond
Cleveland
Detroit
*Milwaukee
*Cincinnati
Indianapolis
Louisville
*Trenton
*Wilmington, Del.
Wheeling, W. Va.
Charleston, S. C.
Winston-Salem, N. C.
Memphis
Birmingham
Atlanta
Jacksonville
Daytona Beach
Little Rock
New Orleans
St. Louis
Kansas City, Mo.
Kansas City, Kan.
Minneapolis
Omaha
Cedar Rapids, Iowa
Sioux Falls, S. D.

Wichita
Oklahoma City
Houston, Tex.
Phoenix, Ariz.
Salt Lake City
Denver
Cheyenne
Butte, Mont.
Boise, Idaho
*Los Angeles
Sacramento
*Portland, Ore.
Spokane, Wash.
*San Francisco
*Boston
*Cambridge, Mass.
Somerville, Mass.
Bangor, Me.
Concord, N. H.

*These cities were studied by field visits.

LIMITATIONS OF THE PRESENT STUDY

This summary is limited to the study of municipal ordinances enacted to control retail sales of *commodities*. There are many cases where municipal control of the sale of personal services is exercised in ways similar to those used for sales commodities, but they will be discussed only incidentally in this connection.

Another field of municipal control of retailing which can receive only a small amount of attention is that of municipal fairs and municipal markets. From a historical point of view this field is of great importance. Nevertheless, the special field of the retail store is complete in itself and the problems of its relation to municipal control are distinct from those of municipal markets. Moreover, a great deal has been written on fairs and markets, while very little has been written on the subject of municipal control of retail stores.

The present inquiry follows the trend shown by several other parallel lines of research in related fields of direct municipal control, which have made conspicuous progress during the last few years.

The subject of zoning and city planning, which was taken up shortly after the turn of the century as a sort of municipal hobby, has now become an organized science. Since 1915 an entirely new body of literature has been developed in this field.[1] Whereas, thirty years ago, very few municipalities had considered the problems of zoning and city planning, today practically all of our largest cities have not only enacted complete and detailed zoning codes together with their accompanying administrative organizations, but have also worked out comprehensive plans for the future and have spent millions of dollars putting them into operation.

Perhaps the most rapid and most intensive forward development in the field of applied science of municipal regulations has been in the field of street traffic control. Several of our leading American cities such as Boston, Chicago, Kansas City and Los Angeles have advanced from the early elementary type of street traffic control, as contemplated in ordinances of a decade ago, to the development and formulation of their own individualized scientific made-to-measure systems of traffic regulation, which have raised their street traffic efficiency, harmonized their signal systems, reduced congestion and accidents and increased the general comfort of both the motor-driving public and pedestrians.[2]

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[1] The best guide to the literature of city planning and zoning is the Manual of Planning Information, and Planning Information Up-to-Date, by Theodora Kimball Hubbard and Katherine McNamara, published by Harvard University Press. Among some of the leading reference works listed are: Weir, L. H., Parks, A Manual of Municipal and County Parks, New York, A. S. Barnes & Co.; C. B. Purdom, The Building of Satellite Towns, London, J. M. Dent & Sons; Nolen, John, New Towns for Old, Boston, Marshall Jones Company; Robinson, Chas. M., City Planning, New York, G. P. Putnam's Sons; Nolen, John, Editor, City Planning; a Series of Papers, New York, D. Appleton & Company; Lewis, Nelson P., The Planning of the Modern City, New York, John Wiley & Sons. See also special pamphlets issued by National Municipal League.

[2] A good summary of the principles of street traffic control is Miller McClintock's Street Traffic Control, New York, McGraw-Hill Book Company. See also Taylor, C. P., and McClintock, Miller, Editor, Traffic Officers Training Manual, Chicago, National Safety Council. See also the following special traffic surveys prepared under the direction of the Harvard University Bureau for Street Traffic Research, McClintock, Miller, Director; Chicago Street Traffic Survey, 1926, Providence Traffic Survey, 1928, San Francisco Street Traffic Survey, 1927, Boston Traffic Survey, 1928, and Kansas City Traffic Survey, 1930.

SCOPE OF THE STUDY

Below is a diagram which illustrates the relation of the particular field of municipal control of retail trade to the larger fields of government control of business and social control of business.

Municipal control of retail trade may be represented by the inner square in the northeast position. Coördinate with it is municipal control of all other forms of marketing which are not retailing. There are also two other inner squares: federal and state control of retail trade and federal and state control of marketing other than retail trade. These four inner squares make up government control of marketing. If federal government control were separate from state control and if wholesaling were given a separate area in the diagram, there would be nine squares instead of four.

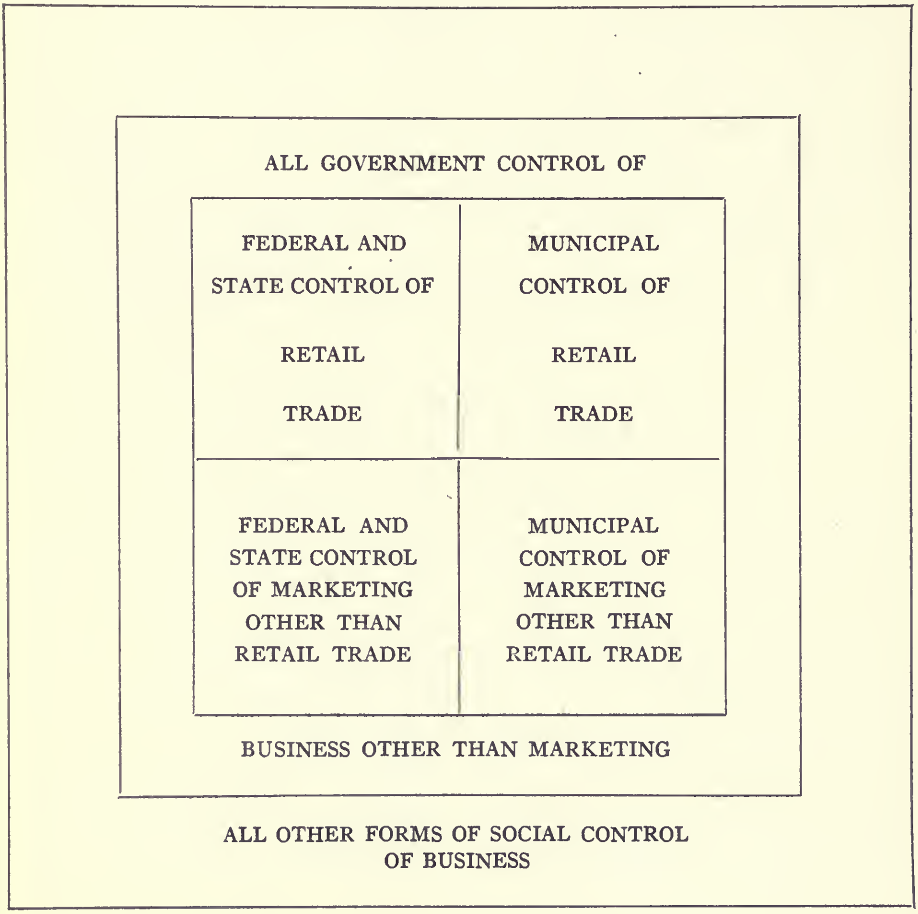
On the other hand, marketing is not all there is of business. Just outside of the inner squares of government control of marketing, is an area representing government control of business other than marketing.

But government control is not the only kind of social control of business. The outer area of the diagram is intended to represent the field of all other forms of social control of business in addition to government control.

MUNICIPAL GOVERNMENT AS A BUSINESS ENTERPRISE

When an examination is made of the wide range of activities of municipal

TABLE I


ALL GOVERNMENT CONTROL OF
FEDERAL AND STATE CONTROL OF RETAIL TRADE
MUNICIPAL CONTROL OF RETAIL TRADE
FEDERAL AND STATE CONTROL OF MARKETING OTHER THAN RETAIL TRADE
MUNICIPAL CONTROL OF MARKETING OTHER THAN RETAIL TRADE
BUSINESS OTHER THAN MARKETING
ALL OTHER FORMS OF SOCIAL CONTROL OF BUSINESS

administration other than the functions of government, such as the control of municipal finance, supervision of parks and playgrounds, operation and maintenance of streets, public service enterprises, municipal buildings, bridges, street-car lines and subways, and the acquisition and construction of public improvements, a municipality is seen to bear a striking resemblance to a large business enterprise. Municipal government in the United States today is relatively much more of a business enterprise than is state or federal government.

Leading American cities can be found with codes of ordinances, supposedly standard practice instructions for the administration of modern cities, which are not only illogical, contradictory, badly organized and archaic but, in some phases of city administration, have little connection with what is being done. Hundreds of ordinances are not only absurd but are never carried into effect. Other large cities with complex and highly detailed activities are without codes or ordinances to regulate many forms of procedure. Still other cities enact new ordinances every year but never make a compilation so that even officials have great difficulty in finding out what are the city's standard practice instructions.

Certainly this apparent neglect by many American municipal governments of one of the fundamental principles of business efficiency should receive more than passing attention. If it is generally desirable to reorganize and remodel city charters to bring them in line with the *form* of business-like management, would it not be well to consider the question of going a step farther to apply this scientific principle of standard *practice* instructions to municipal codes?

The present inquiry, because of its limitation to municipal control of retail trade, cannot cover the entire scope of municipal control from this point of view. It only surveys and analyzes one field out of several different fields in which scientific principles of efficiency might well be applied in the formulation of sound procedure. Nevertheless, at the outset, it is well to point out some of the possibilities existing today in the United States for constructive research in the field of municipal government along lines of business efficiency.

MUNICIPAL CODES AS STANDARD PRACTICE INSTRUCTIONS

This is not an appropriate place for a detailed discussion of the merit of different types of city charters. They are ably discussed in numerous books and articles.[3] Nevertheless, in connection with the subject of municipal codes, it appears that a fundamental principle of scientific business management is seriously involved, which has received little attention.

Whether there is a mayor-and-council plan, a commission plan, a city manager plan or some other plan of city government, a city's code of ordinances, whether compiled or not compiled, constitutes an important part of its standard practice instructions—its formulated written rules and standards of procedure which the city administration is expected to follow in carrying out its plans and purposes.

Great business enterprises, including automobile companies, railroads, food companies, chain store systems, manufacturers of electrical equipment, and the public utility companies, in their application of the principles of scientific management, have exercised painstaking care in the application of this scientific principle.[4] Indeed, they could not have attained their present places of importance in the industrial world without it. But in the administration of some American cities, this principle of scientific standard practice instructions has been largely neglected.

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[3] The City Manager, by Harry A. Toulmin, is a good presentation of the subject. In Municipal Government and Administration, by W. B. Munro, Chapters 21 and 22, are found excellent discussions of commission and city manager forms of government. At the end of each chapter bibliographies are given. For the latest developments in the city manager field, the National Municipal League, 309 East 34th Street, New York City, is the best source of information. Also see the year-books and other publications of International City Managers Association, 850 E. 58th Street, Chicago, Illinois. For the story of Cincinnati, see Charles P. Taft, City Management; The Cincinnati Experiment, published by Farrar & Rinehart.

POSSIBILITIES OF MUNICIPAL STANDARDIZATION

In the army, it is recognized that general military efficiency depends on the efficiency of the ultimate unit of the army which is the company and upon the captain or company commander. But in the field of American government this principle receives inadequate recognition. The city is the ultimate unit of government yet too little attention is given by public officials to the question of high standards for municipal functions.

When Napoleon Bonaparte was First Consul of France, he applied to the Civil Code the principles of management which had enabled him to win decisive military victories. In this work he obtained the help of the best legal minds he could secure. But he did not stop with national government nor with departmental government. He worked down to the point of the ultimate incidence of government, the point where city government comes into continual contact with community activities. The "Code Napoleon" standardized municipal procedure. He worked out the standard practice instructions which are still the groundwork for municipal government in France and several other European countries and which continue to have a profound influence on municipal government all over the world.

In this country many influences have been brought to bear against standardization and against municipal uniformity rather than in favor of them. Currently, these influences are manifested by such movements as "municipal home rule," designed to give increased scope for local political autonomy. To a degree this greater freedom of action has been off-set by a tendency for state governments to assume exclusive or supervisory control over certain types of governmental functions. Without entering into the general issue of state or local control, it is certain that, so far as governmental activity affects local business operations, there is a serious need for the application of more uniform and business-like methods.

CHAPTER TWO

MEASURING THE EXTENT OF MUNICIPAL CONTROL OF RETAIL TRADE IN TERMS OF THE FUNCTIONAL ELEMENTS OF MARKET DISTRIBUTION

MUNICIPAL control of retail trade involves much more than the simple transfer of ownership that takes place when goods are sold. It is control of a considerable range of retailing elements of varying significance.

Retail trade may be defined as that final stage in the process of market distribution, where commodities pass into the possession and ownership of final purchasers. It includes all direct selling to ultimate customers. The entire movement or flow of goods by successive stages of sales from raw material producers, through the hands of manufacturers and middlemen, to retailers and finally to ultimate customers, is known as marketing. Retailing is the final and, in many ways, the most important stage of the process.

Brief definitions of retail trade are usually inadequate, because, in the stressing of actual sales of commodities, there are many other activities connected with retailing which are neglected. These may be more important than actual sales. In order to analyze and classify the various phases of municipal control over retail trade, a wide range of these functional elements, as actually performed in the world of trade, should be considered and studied carefully. There are today some activities of retailing which receive a considerable amount of attention by city governments, while, on the other hand, there are other selling activities which receive little or no attention.

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[4] The principle of written standard practice instructions is given an important place in the writings of leading authorities on scientific management. See Frederick W. Taylor, The Principles of Scientific Management, Pages 117-118, and Harrington Emerson, The Twelve Principles of Efficiency, Chapter 13.

To show the extent of municipal control of retail trade in terms of the activities of distribution that are controlled, it was found desirable to aggregate a composite array of elemental activities of distribution of commodities, which are typically found in operation in various kinds of present-day retail stores. A search of current literature covering all phases of distribution reveals no lists of this kind.

There is no such thing as business in general nor municipal control of business in general. All government control of business is concrete control of specific marketing elements such as buying, pricing, selling, delivery, accounting, radio advertising, credit-extending, and similar functions. Therefore, the first task in clearing the ground for this survey was to prepare as complete a list as possible of all these marketing elements.

This composite list of some 120 elements of retail market distribution, derived especially for the purposes of the present study, is shown in classified form in Table II. The work of compiling these activities necessitated a study of six basic groups of sources of names of elements of market distribution.[5] These groups of sources were as follows:

1. Actual retail store experience and procedure. Several kinds of retail store organizations were studied;
2. Business case-books, problem books, and class materials for the teaching of marketing, retailing, advertising and sales management by the business case system; (Note that this does not mean a study of law cases.)
3. Existing laws, statutes and ordinances of national, state and municipal governments;
4. Various kinds of retail store expense analyses;
5. Historical sources running back 4,000 to 5,000 years;
6. College textbooks for the teaching of marketing, most of which are based on a list of so-called "marketing functions."

But, of necessity, from the nature of the task involved, this listing of marketing elements is not perfect. No presentation of actualities can be perfect. Perfection is found only in axioms, formulas, generalities, and other logical devices of the realm of pure ideas. There is an almost infinite variety of ways in which these functional elements and their functional categories can be listed and arranged, and the list given in Table II is only one out of a great many possible lists. It was not compiled with an idea of finality but merely as a working tool.

The notion that the concept of a list of retailing functions is different from the concept of a list of marketing functions, is not tenable. Retailing is the final step in the marketing process and, therefore, retailing is marketing. A list of marketing activities, if properly put together, is *per se* a list of retailing activities.

The list of 120 marketing elements in Table II is a classification of activities from the entire process of distribution, derived to a large extent from the retail trade, but not by any means limited to retailing. While clearly valid for the retailing process, it is, with a few minor

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[5] The list of activities in Table II was originally presented in an article entitled "Functional Elements of Market Distribution," by Franklin W. Ryan, *Harvard Business Review*, January 1935.

TABLE II

THE FUNCTIONAL ELEMENTS OF MARKET DISTRIBUTION CLASSIFIED BY CONVENIENT GROUPS

I. Providing Location, Building, and Equipment	Selection and continuance of location Providing and maintenance of building Providing and maintenance of equipment and fixtures Layout of building, equipment, and fixtures Providing of heat, light, water, gas, ice, power, and sewer connections
II. Cooperation with Government	Obtaining the right to exist as a business by license Sharing costs of government by payment of taxes Conforming to city planning and zoning regulations for location of building or plant Conforming to building, electrical, elevator, plumbing, and sprinkler codes, and other similar physical regulations Conforming to traffic ordinances governing use of streets for the movement of goods Conforming to ordinances governing the use of minor highway privileges for awnings, signs, windows, vaults, *etc.* Protection of employees against disease, accidents, *etc.* Conforming to laws and ordinances for the protection of public health Conforming to general laws for the regulation of business Maintenance of standards of business ethics Internal policing to protect the business
III. Legal Action	Use of legal devices to protect the business enterprise
IV. Administration of Personnel	Selection and placing of employees Training employees Paying employees by salary and on commission Stimulation of sales force Welfare work Promotion of morale; and group relations Retaining special marketing counsel and other professional services
V. Communication	Mail correspondence and files Correspondence by telegraph Use of telephone Messenger services
VI. Traveling	Traveling by executives and employees in performance of their work
VII. Participation in Community Affairs	Public relations Sharing in local activities Contributions and donations
VIII. Supplies	Purchase of supplies Receiving of supplies Use of supplies
IX. Disposal of Waste	Disposal of waste items such as ashes, crates, cartons, boxes, waste paper, *etc.*
X. Accounting and Statistical Control	Accounting Expense control Inventory and stock-turn control Statistical records
XI. Credits and Collections	Credit management Collections Losses from bad debts
XII. Administration of Cash	Receiving of cash Disbursing cash Depositing cash in banks Obtaining special police protection in cases of large movements of cash Use of armored cars
XIII. Merchandising and Buying	Merchandising research Merchandise control Style administration Buying merchandise Paying for merchandise Transportation to store or plant Receiving and assembly of merchandise Storage of merchandise Standardization, inspection, and grading Arrangement, rearrangement, packing, and packaging Processing, transformation, alteration, and other manufacture Adapting goods to the market Branding and trade-marking Keeping goods clean and attractive
XIV. Publicity	Advertising research Newspaper advertising Direct mail advertising Radio advertising Advertising in theaters, motion picture shows, street cars, suburban trains, and buses Outdoor advertising Distribution of circulars Distribution of samples Sales house organs Overcoming unfavorable publicity Other forms of building goodwill Coordination of advertising with selling Display of goods for sale on owned premises Display of goods for sale on sidewalks and other publicly owned space
XV. Selling	Sales research, market analysis, and interpretation of sales statistics Selecting and developing channels and methods of distribution Sales planning Budgeting sales, and sales operations Solicitation of customers, direct House-to-house selling Specially planned sales talks Guaranties Determination of terms of sale Transfer of ownership of goods Measuring, weighing, counting, and checking goods sold Delivery of goods to customers Sales counsel to customers Service in connection with certain items, such as radios, refrigerators, automobiles, *etc.* Special services to customers, such as parking space, rest rooms, telephone booths, nurseries, *etc.* Elevator and escalator service Control of movement of people through store or plant Substitution Satisfying customers' complaints Returns, allowances, adjustments, exchanges in connection with goods unsatisfactory to customers Reselling goods to dissatisfied customers Trade-in allowances on sales of new goods Trading stamps Sales by vending machines
XVI. General Management and Strategy	Building a marketing organization General management of the organization Departmental management and floor supervision Territorial organization Providing capital for use in the business Financial management Paying interest on borrowed capital Adjustments of policies to meet conditions Appraisal of current market trends from market news Forecasting future market trends Assumption of risks Reducing risks by management Shifting risks by insurance, hedging, and other devices Corporation life insurance Pricing of goods Price maintenance Membership in trade associations Membership in better business bureaus Meeting competition Marketing strategy

qualifications, also valid for all wholesaling, jobbing, manufacturing, and extractive marketing activities as found in the productive-distributive process.

Of the list of retailing activities in Table II, the following group is ordinarily free from either federal, state or municipal control.

Adapting goods to the market
Adjusting policies to meet conditions
Advertising research
Appraisal of current market trends from market news
Arrangement and rearrangement of goods
Assumption of risks
Budgeting sales and sales operations
Building a marketing organization
Cash, disbursing of
Cash, receiving of
Contributions
Coördination of advertising with selling
Departmental management and floor supervision
Display of goods for sale on own premises
Expense control
Financial management and financing
Forecasting and judging market trends
General management
Good-will, building of
Inventory and stock-turn control*
Keeping goods clean and attractive*
Layout of store or plant
Marketing strategy
Membership in better business bureaus
Membership in business associations
Merchandise control
Overcoming unfavorable publicity
Packing and packaging*
Price maintenance*
Pricing of goods*
Promotion of morale; and employee group relations
Public relations
Reducing risks by management
Reselling goods to dissatisfied customers
Retaining marketing counsel and other professional services
Sales counsel to customers
Sales house organs
Sales planning
Sales research, market analysis, and interpretation of sales statistics
Services in connection with products such as radios, automobiles, etc.
Selection and development of channels of distribution
Sharing in local activities
Special services to customers such as rest rooms, telephone booths, parking space, sub-post offices, etc.*
Specially planned sales talks*
Standardization, inspection and grading*
Statistical records and studies
Stimulation of sales force
Style administration
Substitution*
Territorial organization
Trade-in allowances on new goods*
Training employees
Traveling

---

*The asterisk denotes some activities which are partially subject to state or federal legislation and control.

In other words, retail distribution is rather free from government control in its more important activities which have to do with strategy, general policies and the making of profits. But profits are very vital to a business and if taxation and other forms of restrictive controls become increased beyond certain points, freedom may be very much reduced.

The following activities of local business are ordinarily subject to either state or federal control or both, and are seldom or never subject to control delegated to municipalities.

Accounting
Branding and trade-marking
Buying merchandise
Cash, depositing in bank
Collections
Correspondence by mail and telegraph
Credit management
Determination of terms of sale
Direct mail advertising
Guarantees
Insurance on lives of executives
Internal policing to prevent theft*
Legal devices, use of
Losses from bad debts
Maintenance of standards of business ethics
Meeting competition

Paying employees and salesmen
Paying for goods bought
Paying interest on borrowed capital
Providing capital for use in the business
Price maintenance*
Pricing of goods*
Radio advertising
Returns, allowances, adjustments, and exchanges*
Satisfying customers' complaints*
Selection and development of channels of distribution*
Selection and placing of employees
Sharing cost of state and federal government by paying taxes
Shifting risks by insurance, hedging, etc.
Storage**
Supplies, administration of buying and selling
Telephone, use of
Transfer of ownership

---

*The asterisk denotes activities only partially controlled by state and federal governments.

**In the case of storage, most states have codes of statutes to govern it but cities also have ordinances substantially the same as the state laws so that the control may be said to be a sort of joint state and municipal control. Such a situation, however, is not limited to storage. All municipal ordinances are enacted in line with powers delegated to cities by their states.

It can thus be seen before arriving at the question of municipal control of the various elements of distribution, that a great many of the elements are found to be either free from any kind of government control or subject to forms of federal or state control which are seldom or never delegated to municipal corporations.

One important group of functional elements including merchandise control, pricing, inventory and stock-turn control, expense control, adjustment of policies, sharing in local activities, budgeting and forecasting are ordinarily not subject to any form of government control, while another group which includes transfer of ownership, credits, collections, branding and trade-marking, packing and packaging, use of telephone, meeting competition and communication, are subject to state or federal control which is practically never delegated to municipalities.

Before listing the elements of distribution which are typically controlled by municipal governments, it must again be emphasized that a municipality is the creature of the state and that these powers to control certain activities of retailing are delegated to it by the state.

Below are listed the elemental activities of retail distribution which are normally controlled by municipal corporations under powers delegated to them by their states.

Control of movement of people through the store*
Delivery
Display of goods on sidewalks or on other municipally owned space
Elevator and escalator service
House-to-house selling
Internal policing*
Inventory and stock-turn control**
Keeping goods clean and attractive**
Location, selection and continuance of
Measuring, weighing, counting, and checking of goods sold
Motion picture advertising and other advertising in theaters**
Obtaining the right to exist as a business by license
Obtaining special protection for large movements of cash and other emergencies
Outdoor advertising and signs
Processing, transforming, conditioning*
Protection against fire
Protection of public health
Protection of employees*
Providing and maintenance of building or plant*
Providing and maintenance of equipment and fixtures
Providing heat, light, water, gas, ice, power and sewer connections
Receiving and assembly of merchandise
Returns, allowances, exchanges**
Satisfying customers' complaints**
Sharing costs of municipal government by paying taxes
Solicitation of customers*

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*These elements of retailing activity are only partly controlled by municipalities.

**These are so little controlled by municipal corporations in the United States that one may regard such control as almost negligible.

Storage and warehousing
Transportation of goods
Waste disposal

However the 120 elements in Table II are not of equal weight.

A considerable number of marketing executives were asked to analyze these activities and select the twenty most important marketing elements as performed in their establishments. As a result of this analysis, the following list was taken as most representative of the choices of these men.

1. Selling
2. Merchandise control
3. Buying
4. Pricing
5. Inventory and stock-turn control
6. Building sales organization
7. Expense control
8. Satisfying customers' complaints
9. Meeting competition
10. Display of goods
11. Advertising and sales promotion
12. Layout
13. Delivery
14. Use of telephone in selling
15. Credit management and collection
16. Market analysis and research
17. Marketing strategy
18. Building morale among employees
19. Membership in trade associations
20. Accounting

Of all this list of marketing elements to which executives give most of their thought and attention, only "delivery" is generally subject to municipal control. Inventories and stock-turn are subject to municipal control only in a few cities which have ordinances governing so-called "closing out" sales.

SIGNIFICANCE OF DELIVERY CONTROL

The wide ramifications of certain types of municipal control of retail trade may be illustrated by a specific consideration of the implications of municipal control over the element designated as "delivery." In its broader sense "delivery" comprehends, not only the movement of merchandise from the retail outlet to the ultimate consumer, but, likewise, the movement of commodities into the community, to warehouses, and thence to the outlet. In addition, the element of delivery has a bearing upon the entire problem of buying power mobility. This affects basically the distribution of retail trade outlets, the current value of leases and business property, and the effectiveness with which a particular establishment may attract and exploit buying power.

The significance of control over delivery is brought out by A. W. Shaw, one of the pioneers in modern marketing practice. He defined distribution as the application of motion to materials as they move from times, places, forms, and conditions in which they have little value, to times, places, forms, and conditions where they have considerable value. Thus, mobility of commodities and persons is essential to the conduct of retail trade activities.

The importance of intra-market mobility has been emphasized in recent years by the findings of the traffic and trade researches conducted by the Bureau for Street Traffic Research in Harvard University. These studies have revealed significant correlations between ease and freedom in daily population movements and trade values. They have gone so far as to predicate the definition of functional trading areas upon the patterns of daily population movements and, likewise, the sales potentials of particular outlets upon the quality and quantity of the buying power movements to which outlets are exposed. The relation of the municipal corporation to the "delivery" function is illustrative of the indirect as well as direct manner in which municipal powers may affect trade activities. Directly, the municipality controls "delivery" only through vehicle and traffic regulations but indirectly it may exercise a far more important control through the provision or lack of provision of transportation and traffic facilities.

DESCRIPTION OF CONTROL OVER OTHER ELEMENTS

Rearranging the residual list of retail functions, which are ordinarily subject to municipal control, they may be outlined as follows:

1. In many cities, the municipal government exercises a form of control over retail business by means of license requirements which is, in effect, a control of business existence.

2. In most of the states, the power to inspect and regulate weighing and measuring devices is delegated to municipal corporations as a mandatory police power, although in a few states, it is discretionary.

3. In nearly every city, public health demands that certain items of food and drink be regularly inspected in order that they shall measure up to proper standards of quality.

4. The majority of the larger cities have city planning and zoning ordinances and codes which impose certain restrictions governing the location of retail stores.

5. Nearly every city has its building codes which must be observed in the erection of retail store buildings.

6. Nearly every city has its electrical, elevator, plumbing, wiring, piping, ice vending, and sewer codes which control the retail store's supply of electricity, power, gas, water, refrigeration, ice, and sewer connections.

7. Practically every city of size has its traffic codes which control the transportation and delivery of commodities to and from retail stores, and its codes which restrict the use of streets and alleys.

8. The use of space under sidewalks for vaults, the putting up of awnings and signs, and the display of goods on sidewalks are usually governed in most cities by municipal codes for minor highway privileges.

9. Many cities have codes governing various forms of outdoor advertising.

10. Some cities have ordinances to control the direct solicitation of business within the city.

11. All cities have taxing power and, in a sense, this power in itself is a form of municipal control over retail businesses which are subject to taxes but, aside from this taxing power, all of the other powers of municipal control over retail trade are forms of police power.

12. The disposal of waste, such as crates, boxes, ashes, cartons, and garbage, from retail stores is controlled by municipal codes governing waste disposal.

13. The storage and warehousing of goods by retail stores is frequently controlled by municipal ordinances governing storage and warehousing, but there are also federal and state laws in this field.

14. A very few cities have ordinances, typically authorized by state law, by which so-called "closing out" sales are controlled. Under such laws, the city takes an inventory of the stock of goods when the "closing out" sale is announced, and the merchant is not permitted to replenish the stock during the sale.

15. A great many cities have special ordinances and codes governing municipal markets, where producers and consumers are brought together for the purpose of eliminating some of the costs of marketing.

16. A few cities have codes to control hours and times of opening and closing of stores.

17. Some cities have ordinances designed to protect the public against fraud and misrepresentation. These ordinances are in line with state laws.

18. All cities have ordinances designed to prevent crimes and misdemeanors, and these are in force at all times and in all places, including retail stores.

19. A great many cities have special ordinances and codes for the protection of employees of retail stores, specifying forms of health protection and protection from accidents.

20. Some cities have bureaus or departments of information which are organized to help their citizens control living costs and enable them to buy the necessities of life at advantageous prices.

21. A few cities have, in the past, exerted some control over retail prices by the device of municipal competition.

The accompanying Table III gives an analysis of municipal control of retail distribution by ordinances enacted to control elemental activities of retailing. In this tabulation are shown the results

TABLE III
ANALYSIS OF MUNICIPAL CONTROL OF RETAIL DISTRIBUTION BY SPECIFIC ORDINANCES ENACTED TO CONTROL ELEMENTAL ACTIVITIES OF RETAILING

Note: The word "yes" after activity denotes the city has a definite ordinance controlling the same.

	New York N. Y.	Chicago Ill.	Philadelphia Pa.	Los Angeles Calif.	Baltimore Md.	San Francisco Calif.	Milwaukee Wis.	Washington D. C.	Newark N. J.	Jersey City N. J.	Portland Ore.	Richmond Va.	Trenton N. J.	Wilmington Del.
Licensing	Yes[1]	Yes[2]	Yes	Yes	Yes	Yes[4]	Yes	Yes	Yes	Yes	Yes[7]	Yes	Yes	x[11]
Measuring and weighing	Yes	Yes	Yes		Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	x[11]
Food regulation and inspection	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	x[11]
Zoning and city planning	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes[5]	Yes	Yes	Yes	Yes	x[11]
Building ordinances	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	x[11]
Special subsidiary building ordinances:														
Plumbing code	Yes	Yes	Yes	Yes	Yes	Yes	Yes[10]	Yes	Yes[3]	Yes	Yes	Yes	Yes	x[11]
Pipes	Yes	Yes	Yes	Yes[3]	Yes	Yes	Yes	Yes	Yes[3]	Yes	Yes	Yes	Yes	x[11]
Refrigeration	Yes	Yes		Yes[3]	Yes	Yes	Yes	Yes	Yes[3]		Yes	Yes	Yes	x[11]
Sprinkler systems	Yes	Yes	Yes	Yes[3]	Yes	Yes	Yes	Yes	Yes[3]	Yes	Yes	Yes	Yes	x[11]
Sewers and sewer connections	Yes	Yes	Yes	Yes[3]	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	
Fire protection	Yes	Yes	Yes			Yes	Yes	Yes		Yes	Yes	Yes		
Water codes	Yes	Yes	Yes	Yes[3]	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	
Electrical control	Yes	Yes		Yes	Yes		Yes[10]	Yes	Yes		Yes	Yes	Yes	
Elevator and escalator code	Yes	Yes	Yes	Yes	Yes		Yes[10]	Yes	Yes		Yes	Yes		Yes[8]
Traffic codes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	
Driveways across sidewalks	Yes	Yes	Yes		Yes		Yes	Yes	Yes		Yes	Yes		
Sub-sidewalk vaults	Yes	Yes		Yes[3]	Yes		Yes	Yes			Yes	Yes		
Wires and poles					Yes			Yes				Yes		
Awnings	Yes	Yes	Yes	Yes[3]	Yes		Yes[3]	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Signs	Yes	Yes	Yes	Yes	Yes		Yes[3]	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Display of goods on sidewalks	Yes	Yes	Yes	Yes	Yes		Yes	Yes	Yes[6]		Yes	Yes	Yes	Yes
Billboards	Yes	Yes	Yes	Yes	Yes		Yes	Yes			Yes			Yes
Bill posting	Yes	Yes		Yes				Yes	Yes		Yes			
Circulars, distributing	Yes	Yes	Yes	Yes				Yes	Yes	Yes	Yes	Yes	Yes	
Samples								Yes			Yes	Yes		
Distribution of newspapers								Yes						
Trading stamps								Yes						
Vending by machines								Yes				Yes		
Personal solicitation of business														
Waste disposal	Yes	Yes			Yes		Yes	Yes	Yes	Yes	Yes	Yes	Yes	
Garbage removal code	Yes	Yes					Yes	Yes	Yes	Yes	Yes	Yes	Yes	
Storage and warehousing	Yes	Yes	Yes					Yes	Yes	Yes	Yes	Yes		Yes[9]
Hours and times of opening and closing								Yes			Yes			
Employee protection	Yes	Yes			Yes			Yes						
Bridges and passage ways		Yes				Yes					Yes			
Crying wares on street								Yes						
"Pulling in"	Yes				Yes									

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[1] In New York those businesses and occupations selected to be licensed are so selected primarily for police control purposes.

[2] Partial list. Licenses are required in accordance with charter powers.

[3] Ordinances covered in general building code.

[4] In San Francisco fixed places of business in general do not have to have licenses. Those requiring police supervision must have licenses.

[5] Powers of zoning delegated to zoning commission.

[6] Prohibited.

[7] General merchandising license of $6.00 per year.

[8] Regulation under fire code.

[9] Licensed.

[10] Administration conducted by civil service appointees.

[11] All state control.

of a preliminary study of ordinances of fourteen American cities.

It will be noted that nearly all of these cities have ordinances to regulate licensing, measuring and weighing, zoning, and city planning. On the other hand, there are some activities covered by only a few of the fourteen cities. Such activities are crying wares on the street, distributing samples, and "pulling in." Trading stamps are prohibited in Washington, D. C., but in practically all the states, cities have no power to regulate trading stamps. The display of goods on sidewalks is prohibited in only a very few American cities, but in most cities is subject to limiting regulations. Only a few cities have ordinances for the purpose of regulating hours and times of opening and closing of stores, largely for the reason that there is considerable doubt as to the constitutional right of municipal corporations to enforce such ordinances.

This tabulation is far from perfect, and in many cases where it would appear that a particular city has no ordinance to regulate a given activity the activity might be regulated in other ways—by state law or by discretionary powers exercised by municipal officials, or by local customs. For example, Washington, D. C., has an ordinance regulating the distribution of newspapers, but this should not be taken to mean that the distribution of newspapers in the other cities in the tabulation is done in a disorderly or an unregulated manner.

CHAPTER THREE

MEASURING THE EXTENT OF MUNICIPAL CONTROL OF RETAIL TRADE IN TERMS OF SPECIAL MUNICIPAL ORDINANCES ENACTED FOR INDIVIDUAL TYPES OF BUSINESS

A GREAT many American cities have enacted special ordinances intended to govern and regulate individual types of business, as distinguished from general ordinances enacted to govern some particular elemental activity underlying all forms of retail business.

To indicate the range of the various types of retail business for which special municipal ordinances have typically been enacted in leading cities, the figures of the United States Census of Retail Distribution of 1929, published in 1933, are shown in Table IV, analyzed by particular types of business. They are then re-classified in a different way from that followed in the census report, so that most of those types of business, which are typically subject to special municipal ordinances, can be separately indicated. The percentage of total national retail sales for each of these businesses typically subject to special municipal ordinances is shown in the extreme right column. By adding these percentages, which constitute a logical weighting on the basis of sales, it is seen that the total percentage of national retail sales of those types of retail business typically subject to these special municipal ordinances, is 48.41 per cent.

This, however, is only an approximate figure in view of the fact that the phrase "typically subject to special municipal ordinances" does not mean that all cities have such ordinances. In some types of business only a minority of cities have them. The figure of 48.41 is, therefore, a maximum. On the basis of retail sales, and in view of the fact that many cities do not have such ordinances, the actual maximum for the larger cities of the United States is very likely less than 25 per cent.

TABLE IV

RETAIL DISTRIBUTION IN THE UNITED STATES, BY KINDS OF BUSINESS

(Adapted from figures in the United States Census of Distribution for the Year 1929;* published in 1933. Prepared under the supervision of Robert J. McFall and John Guernsey.)

KIND OF BUSINESS	Number of stores	Net Sales 1929	Per-cent of total sales	Businesses typically subject to special municipal ordinances	Per-cent of total sales
United States Total	1,543,158	$49,114,653,269	100.00		48.41
FOOD GROUP	481,891	$10,837,421,585	22.07		
Candy and confectionary stores	63,265	571,549,374	1.16	yes	1.16
Milk dealers	3,990	560,995,747	1.14	yes	1.14
Dairy products stores (including ice cream)	4,488	165,965,016	.34	yes	.34
Egg and poultry dealers	3,258	70,858,063	.14	yes	.14
Delicatessen stores	11,166	194,820,089	.40	yes	.40
Fruit stores and vegetable markets	22,904	308,379,359	.63	yes	.63
Grocery stores (without meats)	191,876	3,449,129,144	7.02	yes	7.02
Combination stores (groceries with meats)	115,549	3,903,662,067	7.95	yes	7.95
Meat markets (inclnding sea foods)	49,865	1,336,958,023	2.72	yes	2.72
Retail bakery goods stores and caterers	12,013	201,092,782	.42	yes	.42
Other food stores	3,517	74,011,921	.15	yes	.15
RESTAURANTS AND EATING PLACES	134,293	2,124,890,455	4.33		
Cafeterias	3,124	272,738,813	.56	yes	.56
Lunch rooms	57,612	541,701,515	1.10	yes	1.10
Restaurants with table service	36,214	988,472,912	2.01	yes	2.01
Other eating places, including box lunches, soft drink stands, lunch counters, refreshment stands	37,343	321,997,215	.66	yes	.66
GENERAL STORES—groceries with apparel, with dry goods and with general mdse.	104,089	2,570,744,006	5.23		
GENERAL MERCHANDISE GROUP	54,636	6,444,100,907	13.12		
Department stores:					
With food departments	460	939,411,294	1.91	yes	(food)
Without food departments	3,730	2,963,662,603	6.04		
Mail order houses—general merchandise	31	447,023,641	.91		
Dry goods stores	25,450	663,207,848	1.35		
General merchandise stores	12,855	526,648,026	1.07		
Variety, 5-and-10, and to-a-dollar stores	12,110	904,147,495	1.84		
AUTOMOTIVE GROUP	257,685	9,615,810,098	19.58		
Automobile salesrooms	40,797	6,153,216,567	12.53		
Used-car dealers	3,097	140,932,126	.29	yes	.29
Automobile dealers with farm implements	1,407	113,363,249	.23		
Accessories, tires and batteries	22,313	599,295,161	1.22		
Filling stations	121,513	1,787,423,097	3.64	yes	3.64
Motor cycles, bicycles and supplies	1,432	20,244,450	.05		
Body, fender and paint shops	3,379	46,106,105	.09		
Garages (repairs, gasoline, oil, accessories)	60,627	693,063,270	1.41	yes	1.41
Parking stations, parking garages and lots	2,059	39,261,738	.08	yes	.08
Radiator shops (including repairs)	728	6,569,523	.01		
Aircraft and accessories	114	5,593,699	.01		
Boats (motor boats, yachts, canoes)	219	10,741,113	.02		
APPAREL GROUP	114,296	4,240,892,577	8.63		
Men's and boys' clothing and furnishings	28,197	1,192,722,773	2.43		
Family stores (men's, women's and children's clothing)	10,551	552,353,340	1.12		
Women's ready-to-wear specialty stores	18,253	1,087,600,723	2.22		
Women's accessories stores (blouse shops, millinery stores, corset and lingerie shops, fur shops, hosiery shops, etc.)	19,971	392,642,191	.79		
Other apparel stores	13,065	208,744,561	.42		
Shoe stores	24,259	806,828,989	1.65		

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*The 1929 table is used in preference to the 1933 table in this study because it is broken down into 167 kind-of-business groups, instead of 52 groups as contained in the 1933 table; thus making it possible to show in greater numbers the types of businesses subject to special municipal ordinances.

TABLE IV (Continued)

RETAIL DISTRIBUTION IN THE UNITED STATES, BY KINDS OF BUSINESS

(Adapted from figures in the United States Census of Distribution for the Year 1929;* published in 1933. Prepared under the supervision of Robert J. McFall and John Guernsey.)

KIND OF BUSINESS	Number of stores	Net Sales 1929	Per-cent of total sales	Businesses typically subject to special municipal ordinances	Per-cent of total sales
United States Total	1,543,158	$49,114,653,269	100.00		48.41
FURNITURE AND HOUSEHOLD GROUP	58,941	2,754,720,507	5.61		
Furniture stores	25,153	1,509,814,999	3.07		
Floor coverings, drapery, curtain and upholstery stores	2,476	92,163,468	.19		
Household appliances stores	8,931	379,703,970	.77		
Other home furnishings and appliances stores	6,344	211,266,061	.43		
Radio and music stores	16,037	561,772,009	1.15	yes	1.15
LUMBER AND BUILDING GROUP	52,814	2,621,063,720	5.34		
Lumber, building materials, roofing, brick, stone, cement, etc.	26,377	1,981,283,657	4.03	yes	4.03
Electrical shops (without radio)	4,858	110,131,328	.23		
Heating and plumbing shops	12,709	334,276,830	.68		
Glass and mirror shops	588	9,552,083	.02		
Paint and glass stores	8,282	185,819,822	.38	yes	.38
OTHER RETAIL STORES	269,448	7,756,941,273	15.79		
Hardware stores	25,330	706,052,831	1.44	yes	1.44
Hardware and farm implement stores	12,242	518,507,791	1.05		
Farmers' supplies:					
Feed stores (flour, feed, grain, fertilizer, hay, etc.)	9,953	480,305,303	.98	yes	.98
Coal and feed stores	4,093	287,706,575	.59	yes	.59
Feed stores with groceries	7,127	205,235,703	.42	yes	.42
Other farmers' supplies including harness shops, etc.	5,961	145,916,448	.30		
Book stores	2,809	117,020,599	.24		
Cigar stores including stores with fountains	33,248	410,063,928	.83	yes	.83
Coal and wood yards	15,444	929,829,335	1.89	yes	1.89
Ice dealers	3,674	83,540,071	.17	yes	.17
Drug stores	58,258	1,690,398,682	3.44	yes	3.44
Florists	9,328	176,200,880	.36	yes	.36
Gifts, novelties and toys, and cameras	6,516	101,855,970	.21		
Jewelry stores	19,998	536,280,697	1.09		
Luggage and leather goods stores	1,367	40,311,962	.08		
Music stores (without radio)	2,232	54,742,210	.11		
News dealers	10,285	149,865,644	.31	yes	.31
Office, school and store supply, furniture and equipment dealers	2,512	168,118,324	.34		
Office and store mechanical appliances	1,284	112,756,150	.23		
Typewriter dealers	878	43,150,300	.09		
Opticians and optometrists	3,001	49,999,878	.10		
Sporting goods stores (including athletic and playground equipment)	1,930	65,464,137	.13		
Scientific and medical instrument and supply dealers (retail)	574	31,165,821	.06		
Stationers and printers	2,871	93,288,072	.19		
Monument and tombstone works	2,564	48,652,993	.10		
Miscellaneous classifications	25,969	510,510,969	1.04		
SECOND HAND STORES	15,065	148,068,141	.30	yes	.30
Tires, accessories and parts (second hand)	2,820	25,843,352	.05	yes	.05
Building material and hardware (second hand)	429	9,286,140	.02	yes	.02
Pawn shops sales	1,509	35,536,653	.07	yes	.07
Furniture stores (second hand)	5,643	37,748,870	.07	yes	.07
Clothing and shoe stores (second hand)	2,606	12,041,816	.02	yes	.02
Other second hand stores	2,058	27,611,310	.07	yes	.07

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*The 1929 table is used in preference to the 1933 table in this study because it is broken down into 167 kind-of-business groups, instead of 52 groups as contained in the 1933 table; thus making it possible to show in greater numbers the types of businesses subject to special municipal ordinances.

RETAIL BUSINESSES NOT TYPICALLY SUBJECT TO SPECIAL MUNICIPAL ORDINANCES

Before proceeding further in the analysis of retail businesses typically subject to municipal ordinances, some attention should be given to those retail businesses in the United States census list which are typically not subject to specially-enacted municipal ordinances. These are:

Department stores (without food and drugs)
Mail order houses
Dry goods stores
General merchandise stores
Variety, 5-and-10 and to-a-dollar stores (without food and drugs)
Automobile accessories, tires and batteries
Men's and boys' clothing
Family stores
Women's accessories stores
Millinery stores
Corset and lingerie shops
Fur shops (retail)
Hosiery shops (women's)
Other apparel stores
Shoe stores
Furniture stores
Floor coverings, draperies, and curtains
Upholstery stores
Other home furnishings and appliances stores
Harness shops
Bookstores
Gifts, novelties, and toys
Jewelry stores
Luggage and leather goods stores
Music and piano stores (without radio)
Office, school, and store supply, furniture and equipment dealers
Business machines dealers
Typewriter dealers
Opticians and optometrists
Sporting goods stores, athletic goods and playground equipment (excluding sales of ammunition and weapons)
Scientific and medical instrument and supply dealers
Monument and tombstone dealers

In regard to the retail businesses listed above, it should be noted that, typically, they do not involve the following:

1. The sale of articles or materials which are dangerous to store employees or to the public, or articles or materials which are connected with fire hazards, such as inflammable liquids, explosives, ammunition, weapons, etc.;
2. The sale of articles or materials which need police supervision in order to protect the public health;
3. The sale of articles or materials which are likely to cause community disorders or nuisances;
4. Places frequented by criminals or underworld characters;
5. The sale of habit-forming drugs or narcotics;
6. The sale of goods which are likely to have been stolen;
7. House-to-house selling;
8. Firms that frequently violate laws and ordinances relating to weights and measures.

In other words, these retail businesses are typically not subject to special municipal ordinances in the United States because cities ordinarily find it unnecessary to use their police power to control them in the interest of the public health, welfare, safety, and comfort.

This does not mean, however, that this group of businesses is free from municipal control. All of them are subject to general municipal ordinances to control retailing in general, such as zoning, weights and measures, building, wiring, traffic, and many other types of general ordinances already discussed in the previous chapter.

An interesting feature of the list of retail businesses in the United States census is that of general stores. These are seldom found in cities, but usually in small towns and rural districts. Practically all general stores sell groceries, but, whereas in cities, police control is usually exercised over all food sales, such municipal control is not often found in small towns. This will explain why general stores are not found in either of the two lists just discussed. Even though they are over 100,000 in number and make 5 per cent of the retail sales in the United States, they do not constitute a city problem.

The check-list in the first column of

Table V shows retail businesses ordinarily subject to special municipal ordinances. This list was developed by selecting from the 1929 United States Census of Retail Distribution those particular businesses discussed above, and adding to them several other types of retailing not separately mentioned in the census analysis. This check-list was used in visiting various cities during 1933, 1934, and 1935, for the purpose of studying the various ordinances of each city enacted for the regulation of retail trade.

It should be stressed at this point that all of the ordinances discussed in this chapter are special ordinances for the regulation of various types of retail stores, and include much more than licensing regulations. Mere licensing regulations have already been covered in the previous chapter. All of the ordinances studied in the present chapter are of a special character and although, in most cases, licenses are required, these ordinances include other special regulatory features in line with the exercise of police power. The types of retail stores typically subject to special ordinance regulations are generally included because these stores do or may contain some of the dangerous or anti-social elements listed in the eight points on page 740.

In other words, these retail businesses are typically subject to municipal ordinances in American cities because these cities ordinarily find it necessary to use their police power to control them in the interest of the health, welfare, safety, and comfort of the people.[6]

Table V is an analysis of fourteen American cities which were visited in the course of the present study and whose officials coöperated in furnishing materials and information regarding these special municipal ordinances for particular retail businesses.

This table is arranged by vertical columns for each city. Under the column heading for each city is indicated the existence of special ordinances for each of the types of businesses shown. This analysis is as of 1933-1934.

CHAPTER FOUR

Municipal Ordinances Recommended for General Adoption

After the present study had progressed several months, it became quite evident that a considerable number of municipal ordinances for the control of retail trade, typically used by American cities, are really necessary and should be enacted in every large city. It will be the purpose of the present chapter to set forth a list of such ordinances which, after a considerable number of interviews with city officials, municipal experts, chambers of commerce, retail trade boards, and local merchants' associations, appears to meet with wide approval.[7]

This list includes ordinances from the two general groups discussed in Chap-

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[6] The laws of Congress, authorizing police regulation in the District of Columbia, in listing types of business to be regulated, place first on their list pawnshops, junk yards, and second-hand clothing businesses. (These are businesses which are apt to deal in stolen goods.) Next in the list is the regulation of inflammable substances. Third on the District of Columbia list are licensed vendors on streets and public places.—See Police Regulations, D. C., November 17, 1933, page 1.

[7] One of the first writers to advocate that a municipal code book should have a special section of ordinances devoted entirely to the regulation of business, was E. D. Greenman, Assistant Director of the New York State Bureau of Municipal Information. See pp. 26 and 36 of his book, Codification of Ordinances, Chicago, Public Administration Service. The ordinances which he groups in his special chapter are as follows: licensing and control, general businesses, advertising, vehicles for hire, trades, merchants, and manufacturers.

TABLE V

ANALYSIS OF SPECIAL MUNICIPAL ORDINANCES FOR PARTICULAR TYPES OF RETAIL BUSINESSES IN SELECTED AMERICAN CITIES

Note: The word "yes" denotes that the particular city has a special ordinance for the particular kind of business indicated.

	New York N. Y.	Chicago Ill.	Philadelphia Pa.	Los Angeles Calif.	Baltimore Md.	San Francisco Calif.	Milwaukee Wis.	Washington D. C.	Newark N. J.	Jersey City N. J.	Portland Ore.	Richmond Va.	Trenton N. J.	Wilmington Del.
FOOD RETAILERS	1	2	3	4		2	2	5						
Candy and confectionery including stores with fountains					Yes						Yes			
Milk and dairy products		Yes		Yes[7]						Yes	Yes	Yes	Yes	
Egg and poultry dealers	Yes			Yes[7]							Yes			
Fruits and vegetable stores				Yes[7]					Yes		Yes			
Meat markets and sea foods		Yes		Yes[7]	Yes				Yes		Yes	Yes	Yes	
Groceries, combination groceries, and delicatessen stores		Yes		Yes[7]					Yes		Yes			
Retail bakeries		Yes		Yes[7]					Yes		Yes			
Other retail food stores				Yes[7]										
Bottled waters and beverages		Yes		Yes[7]							Yes			
Restaurants, lunch rooms and other eating places		Yes		Yes[7]			Yes	Yes	Yes	Yes	Yes			
OTHER RETAILERS SELLING NEW GOODS								5						
Automobile dealers (new cars)		Yes						Yes			Yes			Yes
Gasoline filling stations, garages and other establishments selling gasoline and motor oil	Yes	Yes		Yes		Yes		Yes		Yes	Yes	Yes		Yes
Lumber yards and building materials		Yes									Yes			
Paint stores	Yes	Yes												
Hardware stores		Yes												
Coal dealers		Yes			Yes									
Ice dealers	Yes				Yes		Yes				Yes	Yes		
Drug stores	Yes	Yes												
Florists														
Tobacco retail stores		Yes					Yes							
News stands		Yes												Yes
Farmers supply and feed stores		Yes												
SECOND-HAND STORES								5						
Used car dealers				Yes		Yes	Yes			Yes		Yes		
Pawnshops (sales)	Yes	Yes	Yes		Yes		Yes	Yes[6]	Yes	Yes			Yes	
Other second-hand stores	Yes	Yes		Yes	Yes	Yes	Yes	Yes				Yes		

OTHER TYPES OF RETAILERS NOT MENTIONED SEPARATELY IN THE U. S. CENSUS OF DISTRIBUTION								[5]						
Auctions and auctioneers	Yes	Yes		Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
"Closing out" sales				Yes		Yes	Yes		Yes	Yes	Yes	Yes		Yes
"Fire" sales and "wreck" sales				Yes		Yes	Yes		Yes	Yes	Yes	Yes		Yes
Junk dealers	Yes	Yes		Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Liquor stores		Yes					Yes	Yes	Yes		Yes			
Narcotics	Yes				Yes									
Photographers		Yes			Yes						Yes			
Horse dealers		Yes												
Kennels and catteries	Yes	Yes		Yes		Yes								
Other dealers in animals and birds	Yes	Yes				Yes								
Fireworks	Yes	Yes	Yes[6]	Yes	Yes[6]		Yes	Yes	Yes[6]	Yes[6]		Yes[6]	Yes[6]	
Weapons	Yes	Yes	Yes	Yes	Yes		Yes	Yes	Yes	Yes		Yes		Yes
Explosives	Yes	Yes	Yes	Yes	Yes		Yes	Yes	Yes	Yes		Yes		Yes
Other dangerous materials	Yes				Yes		Yes							
HOUSE TO HOUSE RETAILING								[5]						
Hawkers	Yes		Yes	Yes	Yes	Yes		Yes	Yes	Yes		Yes	Yes	
Hucksters	Yes		Yes	Yes	Yes	Yes		Yes	Yes	Yes		Yes	Yes	
Peddlers in general	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	
Itinerant merchants	Yes	Yes	Yes	Yes		Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Rolling stores and groceterias				Yes										
Fruit and vegetable peddlers					Yes		Yes		Yes				Yes	
Fish peddlers			Yes				Yes		Yes				Yes	
Pop corn wagons			Yes				Yes		Yes				Yes	
Ice cream peddlers			Yes						Yes				Yes	
Farmers selling			Yes									Yes	Yes[8]	
Municipal markets[9]			Yes		Yes	Yes	Yes	Yes	Yes			Yes	Yes	Yes
Indecent publications[10]					Yes			Yes			Yes			

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[1] Food and drink ordinance (Chapter 20, Section 9).
[2] Has a general ordinance for food retailers.
[3] All food and drink retailers under the direction of the Inspector of Bureau of Health.
[4] All food retailers governed by provisions in health code.
[5] Acts of Congress.
[6] Prohibited.
[7] All food retailers governed by officials of department of health.
[8] State law prohibiting and regulating farmers' selling in cities.
[9] Belongs in "food retailers" group.
[10] Belongs in "other types of retailers not mentioned separately in the U. S. Census of Distribution."

ters II and III; namely, (1) ordinances to control particular business activities, and (2) ordinances specially enacted to control particular businesses. These ordinances are listed and discussed under the following headings:

I. ORDINANCES GOVERNING BUSINESS EXISTENCE

Practically every city in the United States has found it desirable to enact licensing ordinances by which the existence of retail business enterprises is regulated. While some cities regard this device as fundamentally a source of income, the fact should not be overlooked that licensing is more of a device of registration than of taxation and that this device, properly used, should give city officials control of all pertinent facts regarding the existence of retail business enterprises.

II. ORDINANCES GOVERNING LOCATION OF RETAIL STORES

In the early history of the United States practically nothing was done to control the location of retail stores, but during the last twenty years nearly every leading city has developed a system of city planning and zoning by which retail stores of all kinds must conform to zoning regulations. Whereas, fifty years ago attempts to regulate the location of retail stores would have been seriously resented and opposed, today it is a widely accepted principle that special areas of a city should be restricted as to types of buildings and businesses permitted within them. Furthermore, in every zoning ordinance or series of zoning ordinances, the restrictions on locations for various types of retail enterprises are of primary importance. Therefore, it is only natural that the zoning of retail stores should meet with widespread approval today.

III. ORDINANCES REGULATING THE USE OF PUBLIC PROPERTY

Ordinances regulating the use of public property are regarded as a necessity in many cities, not only by city councils and city officials, but also by the merchants themselves. When such ordinances are enacted they are sponsored quite as frequently by merchant associations as they are by the city officials.

a. *Traffic Ordinances*

One of the most important reasons for the creation of municipalities is the need for an effective local application of the police power of the state. As said before in Chapter II, retail trade is essentially the application of motion to materials. Police power affects this movement in terms of control of the movement of commodities and customers over the city streets and sidewalks. Every American city has ordinances regulating the use of the city streets and sidewalks by retail trade in all its phases.

b. *Awnings, Signs, Poles and Wires, etc.*

It is obvious that there must be municipal regulations to govern and restrict retail stores in their occupancy of sidewalks and streets. In nearly every city, awnings, signs, poles, wires, etc., are strictly regulated so that all merchants shall be governed by the same rules, in the interest of the public convenience and safety.

c. *Display of Goods on Sidewalks*

In some cities, all display of goods on sidewalks is prohibited. In others, display of goods on sidewalks is permitted out to a certain distance, such as two or three feet. There are some merchants who, as a matter of principle, never display any of their goods on sidewalks, while others think that such display aids in making sales. Very clearly, this is a field of regulation in which the municipal government must act, and it is generally recognized all over the United States that there should be ordinances for this phase of business activity.

d. *Distribution of Samples*

Only a few cities have ordinances regulating the distribution of samples, probably for the reason that very few retailers wish to go to the expense of giving them out, and for this reason the cost of the samples acts as a limiting factor.

e. *Distribution of Circulars*

There has been a great deal of controversy over the distribution of circulars. Jersey City has gone further than any other city in this respect, and has an ordinance which absolutely prohibits this activity. A copy of the Jersey City ordinance prohibiting circulars is shown in Appendix C. This ordinance went to the Supreme Court of New Jersey, passed all the tests for constitutionality, and has been copied in a number of other cities.

f. *Stands on Public Property*

Nearly every city has ordinances and regulations governing the use of public property for various kinds of shoe-shining stands, news-stands, lunch counters, ice cream wagons, and similar vending devices. Without such ordinances, certain street corners and intersections would be used by these enterprises to such an extent as to become a nuisance.

g. *Crying Wares on Streets*

A great many cities have found it desirable to enact ordinances in order to suppress the noise made by newsboys, itinerant rag merchants, junk dealers, and transient vendors.

h. *Radio Loudspeakers*

In many cities, radio loudspeakers, used for advertising purposes outside of stores, in the doorways or windows of stores, or on automobiles, have become a serious problem. This form of nuisance is subject to direct regulation by municipalities.

IV. ORDINANCES TO PROTECT HEALTH

a. *Food Regulations*

While in some states, such as Delaware, food regulations are all state laws, most cities have their own municipal ordinances for this purpose, to support the state laws and to set up and enforce supplementary regulations.

b. *Milk Regulations*

The problem of milk regulation is a very important phase of food regulation. Nearly every city in the United States has ordinances in this field for the general protection of public health.

c. *Protection to Employees*

In a great many states, employees are protected by various kinds of state laws, but these are supplemented in some cities by special municipal ordinances which have been found very helpful. For example, Chicago has an ordinance which requires all retail stores to provide seats behind counters, so that the salesgirls will not have to stand on their feet during the entire day.

d. *Prohibition of Returning Goods Which Might Spread Disease*

In recent years there have been a great number of municipal ordinances enacted which prohibit the returning of goods which might spread disease. Such merchandise includes hats, hairbrushes, and intimate wearing apparel.

e. *Control of Waste Disposal*

One of the most costly items of municipal government is the removal of waste caused by retail stores. A great many cities have such ordinances which strictly regulate the manner in which stores may dispose of their crates, barrels, empty boxes, and other refuse material.

V. ORDINANCES TO PREVENT DECEPTION OF THE PUBLIC

a. *Transient Vendors Ordinances*

The transient vendor, or peddler, is a problem to many communities, and efforts have been made to control the situation by a fairly high license fee and other regulations.

b. *Weights and Measures Ordinances*

In some states, such as Minnesota, the state reserves all police power to regulate weights and measures, and delegates no power to the municipal corporation. On the other hand, most of the states have their own municipal ordinances to regulate weights and measures, and these ordinances are of great importance in the carrying on of business.

c. *"Closing-Out" Sales Ordinances*

The cities of Milwaukee, New Orleans, and a number of others have special ordinances to govern so-called "closing-out" sales. In these cities, when a "fly-by-night" merchant opens up a store for a brief time and advertises a "closing-out" sale, it must be actually a closing-out sale. The city comes in, takes an inventory of all the goods, and the merchant is not allowed to replenish his inventory in any manner during the period of the sale. This is probably the only instance where government comes in and regulates the inventory of a store.

d. *Ordinances Governing Auctions and Auctioneers*

Auctions and auctioneers have shown themselves likely to become nuisances in nearly all cases where they operate a transient business.

A model ordinance, sponsored by the New York State Bureau of Municipal Information and recommended for passage by all cities in the state, has the following significant paragraph:

> Section 9. (6) It shall be unlawful for any person to sell or offer or advertise for sale any goods, wares, or merchandise at auction falsely representing or pretending that such property is in whole or in part a bankrupt or insolvent stock, or damaged goods, or goods saved from fire, or make any false statement as to the purchase, history, or character of such property.

This ordinance also prohibits the giving away of articles of jewelry to customers as a device to increase sales. It also specifies that whenever diamonds, watches, and jewelry are sold, there shall be securely attached to each of such articles a tag or label upon which there shall be plainly written or printed in English a true and correct statement of the kind and quality of the metal of which such article is made or composed, and the percentage or carat or purity of such metals or precious stones.

In all of these special ordinances governing auctions and auctioneers, it is the usual procedure to fix rather high license fees. The primary purpose of these ordinances is not to fix fees or to find sources of municipal income. It is rather to protect the citizens of the community from deception.

e. *Used Car Dealers Ordinances*

The business of dealing in used cars has often been characterized by more or less unscrupulous transactions, although in recent years the leaders of this business have raised it to a higher plane of ethics. For these reasons, special ordinances governing the business, sponsored by the more reputable used car dealers themselves, are often regarded as a necessity. In some states, however, city governments do not attempt to enact ordinances in this field but leave it entirely to state legislative enactments.

THE LOS ANGELES ORDINANCE

The ordinance (No. 69,620) regulating dealings in used motor vehicles which has been effective in Los Angeles since December 16, 1932, closes with this significant passage:

> WHEREAS, under the provisions of Ordinance No. 67,353....a great many frauds are being practiced upon the public which said ordinance does not prevent; and
>
> WHEREAS, the provisions of this ordinance are such that frauds which are not prevented under the provisions of Ordinance No. 67,353 will be prevented;
>
> NOW, THEREFORE, this ordinance is urgently required for the immediate preservation of the public peace, health, and safety; and the city clerk shall certify to its passage by a unanimous vote.....

Under this ordinance, in order to engage in the business of dealing in used motor vehicles, a permit is required from the police commissioners. The fee is $200.00, which may be renewed annually for $2.00.

The evils which the present Los Angeles ordinance is designed to prevent are the following:

1. *Failure to deliver title.* The ordinance requires a bond for $2500.00 for the protection of persons paying for cars in good faith.

2. *Lack of responsibility.* The ordinance requires that the business shall be carried on at a fixed place, that the applicant shall sign the application in his own name, that if a corporation or partnership, the addresses of all the officers of the corporation or all the partners shall be given in the application.

3. *Unreliable dealers.* Upon receipt of an application, the board of police commissioners investigates the record of the applicant and checks up on the statements in the application.

4. *Uncertainty as to who dealers are.* Only one person, firm, or corporation may conduct a used automobile dealer's business at any particular established place of business, unless any other person, firm, or corporation desiring to conduct a business at the same location, has also received a permit from the board of police commissioners.

5. *Lack of records.* Dealers are required to keep complete records of all transactions for the information of the police. Also, all transactions must be reported to the police within forty-eight hours of the time of transaction, on blanks furnished by the chief of police.

6. *Illegal and fraudulent repossessions.* Within forty-eight hours after a repossession, a dealer must give full information concerning it to the police on special blanks furnished by the chief of police.

7. *Difficulty of locating dealers.* Every dealer in used cars must display a sign in letters not less than six inches in height on the front building line of the premises, legible for fifty feet, giving name and, in letters not less than two inches in height, the permit number.

8. *Sales from fly-by-night locations.* No dealer can sell cars from any place other than the place named in his permit.

9. *False advertisements.* Dealers are not allowed to advertise in local papers that they have cars for sale unless they actually have them for sale on their premises.

VI. ORDINANCES TO GOVERN BUSINESSES WHICH MAY DEAL IN STOLEN GOODS

In every city there are a number of businesses which, because of the likelihood that they may deal in stolen goods, are governed by special ordinances. These businesses are, typically, used car dealers, second-hand dealers, pawnbrokers, and junk dealers.

a. *Used Car Dealers*

Used car dealers have already been mentioned under the previous heading, but they must also be included in this class, for a different purpose.

b. *Second-Hand Dealers*

c. *Pawnbrokers*

It may seem out of place that pawnbrokers be listed here, but, for all practical purposes, a pawnbroker is a second-hand dealer. The customer, in fact, sells his pledge to the pawnbroker, reserving the right to buy it back later at a higher price, the whole transaction being legally regarded as a loan of money at interest, secured by the pledged goods.

d. *Junk Dealers*

Historically, the existence of junk yards was a very powerful factor in the development of zoning ordinances because, without such ordinances, a community would have great difficulty in controlling the locations of this type of business. For this reason, and also because of the opportunities which junk dealers have of buying and selling stolen goods, nearly all American cities have special ordinances enacted to govern this business.

VII. ORDINANCES TO REDUCE FIRE HAZARDS

In the exercise of the police power delegated to municipal corporations by the state, practically every American city has special ordinances, as follows:

a. *Fire Regulations*
b. *Ordinances to Govern Sales of Fireworks*
c. *Ordinances to Govern Sales of Flammable Liquids and Materials*

No particular comment is needed on these three types of ordinances. In some cities, fireworks are completely prohibited; in others, they are permitted to be sold under very strict police supervision.

All American cities have special ordinances governing the sales of flammable or easily combustible liquids and materials, such as linseed oil, turpentine, gasoline, nitroglycerin, and many others.

NEW YORK GROUP OF SPECIAL ORDINANCES

Before closing this chapter, it seems appropriate to take up a typical American city, and to enumerate the ordinances found in its code book for the special regulation of particular types of retail businesses.

Unique among American cities as regards special ordinances for particular retail businesses, is the city of New York. In that city's code, all such ordinances fall into several groups, as follows:

1. Ordinances which are intended to regulate sales of dangerous and hazardous articles and materials;
2. Ordinances in the sanitary code, intended to protect the public health;
3. Ordinances relating to retail businesses which require special municipal policing, such as second-hand dealers;
4. Ordinances regulating house-to-house canvassing;
5. Ordinances regulating retail businesses frequently violating short-weight ordinances.

All the New York City ordinances which govern retailing fall strictly into the category of policing, that is, protecting the health, comfort, and safety of the public.

In New York City licenses are not used chiefly as a source of municipal revenue, but rather for the purpose of policing in types of business where control of business existence by licensing is necessary.

THEORIES OF MUNICIPAL LICENSING OF RETAIL TRADE

In the progress of the present study, it became clear that as regards municipal licensing of retail stores, there are several general theories involved. Some of these will now be discussed.

Licensing as Business Registration

The simplest theory of licensing was found in operation in the city of Trenton, New Jersey, in 1930 and earlier. Mr. Edward W. Lee, comptroller of the city of Trenton, has explained this as follows. In that city, in 1930, the theory of licensing was that every retail business should be registered annually at the city hall, so that each year the city officials should have a complete record of every enterprise engaged in retail business during the year. For this registration only a nominal license fee was charged, supposed to be sufficient, in the aggregate, merely to cover the overhead costs of such registration. The city officials of Trenton apparently believed that license fees and taxes were two separate and distinct devices, and that all taxation should be levied and collected strictly as such, and not in the supplementary form of heavy license fees. Needless to say, the American cities which follow this theory of taxation are overwhelmingly in the minority. (See receipts from business licenses in the accompanying Table VI.)

Licensing As Taxation

Another theory of licensing is found in operation in Atlantic City, New Jersey. In this city, like Trenton, it is believed by city officials that every retail business should be registered, but the theory of the license fee is very much different. In Atlantic City every regis-

TABLE VI

COMPARISON OF RECEIPTS FROM BUSINESS LICENSES IN TRENTON AND ATLANTIC CITY IN 1930 AND 1933

	Population		Retail Sales				Receipts from Business Licenses			
			1929		1933		1930		1933	
	1930	1933		Per capita		Per capita		Per capita		Per capita
Trenton	123,356	124.100	$75,061,000	$608.5	$37,805,000	$304.6	$143,252	$1.16	$430,973	$3.47
Atlantic City	66,198	68,800	70,495,000	1064.9	30,423,000	442.1	473,945	7.16	Figures not available	

trant is charged a substantial license fee or "license tax" which is adjusted to his earnings and ability to pay. The difference between Atlantic City and Trenton in 1930 can be seen in the accompanying Table VI.[8]

The "Orthodox" Theory of Municipal Licensing

A third theory of licensing, which may be called the "orthodox" theory, is the theory which is most generally used in the United States, and is the fundamental theory on which a great many cities, such as New York City, San Francisco, Newark, New Jersey, and many others proceed. Under this theory, only those businesses which must be policed, such as the list described for New York City, are required to be registered. Some of the license fees under such a system are quite large, such as, for example, licenses for junk dealers, used car dealers and pawnbrokers, because, under this theory, it is apparently believed that they should pay for the additional policing required.

In studying these different theories of licensing, it seems that the most logical plan is that which registers all types of retail business, yet levies but a nominal license fee, except in cases of types of businesses that require extra policing, which may be assessed heavier license fees.

Other Theories of Licensing

In addition to these three basic theories of municipal licensing, there are some other theories. Particular mention should be made of the Alabama system of licensing. In Alabama the state does not fully delegate the power of licensing and taxation to the cities, but reserves most of this power to itself, and, strange to say, proceeds on the theory of charging as high a fee as will be tolerated in the case of nearly every type of business. However, after these license fees are collected, they are then apportioned back to the cities on various bases of allocation. Some "license taxes" are allocated on a fifty-fifty basis, in other cases the state retains one-third, and in still other cases the state retains the larger portion.[9]

The following table gives figures for the receipts of business license taxes in three cities in Alabama, in 1930:

TABLE VII

City	Receipts of License Taxes	Per Capita
Birmingham	$1,087,026	$4.19
Mobile	318,307	4.67
Montgomery	306,322	4.64

The total receipts from business licenses in 1930 in the 310 largest cities in the United States were $78,731,064, which was only $1.66 per capita.

The per capita figures in these three cities of the state of Alabama are practically three times as great as the national per capita figures for receipts from business licenses in the 310 largest cities.

CHAPTER FIVE

DEVICES AND MECHANISMS OF MUNICIPAL CONTROL

IN PREVIOUS chapters which discuss the different fields in which American municipal governments exercise control over retail trade in its various phases, such as building codes, sanitary codes, pure food codes, etc., some attention has been given, from time to time, to various mechanisms and devices of control such as ordinances, licensing, inspections, fines, and other forms. In each field of control, some of these devices and mechanisms are used in order to make the control effective. In some of the fields of control, certain mechanisms may be used which are not used in other fields, but all of the various mechanisms and devices are used at various points in the entire scheme of municipal control of retail trade.

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[8] See American Municipal Association, License Taxes as a Source of Municipal Revenue, Chicago: Report No. 28, April 1933.

[9] The method of levying and allocating business taxes in Alabama is described in Federal and State Tax Systems, published by the Tax Research Foundation.

This chapter, therefore, will be devoted to a discussion of these various mechanisms and devices of control, in order that they may be studied in relation to each other.

TWO CLASSES OF MUNICIPAL POWERS

All of these mechanisms and devices shown below are used by city governments in the exercise of the powers delegated to them by the state, and it is generally recognized that all powers of municipal corporations fall into two basic groups, namely:

I. *Governmental Powers*
II. *Business-Administrative Powers*

With this basic division in mind, nearly all of these mechanisms and devices for municipal control of retail trade are found to be used in the exercise of governmental powers and, of these governmental powers, by far the most important is the police power.

In addition to the devices used in enforcing the police power, a considerable amount of control of retail trade is exercised by means of the device of municipal taxing power and by municipal competition, which may be called a business-administrative power. Finally, a municipal government can exercise some control over retail trade by municipal advisory services, set up to control living costs.[10]

LEGISLATIVE MECHANISMS AND DEVICES

Among all the mechanisms and devices used in enforcing police power, the most fundamental is the legislative group. This is true because municipal ordinances, or their equivalents, must first be in existence before the mechanisms and devices other than legislative can be used.

Just as the federal government of the United States exercises its control by means of legislative devices, administrative devices, and judicial devices, so the municipal government, in miniature, follows a similar plan.

Municipal ordinances are ordinarily enacted by the city council, but they are not the only legislative devices that a city employs. Some cities differentiate between ordinances as such, and another type of enactment which they call local laws. New York City has a code of ordinances, and in addition, a set of what are called "local laws." In addition to ordinances, there are also the provisions of the city charter, which in reality rank higher than ordinances, and yet are legislative in character.

However, ordinances, local laws, and charter provisions are not all of the legislative devices used for the control of business. In every state there are mandatory powers and implied powers conferred upon cities by state law, which may not be enacted in municipal charters or municipal code books. Such powers constitute a group of legislative devices of considerable importance.

These devices, just discussed, are the chief legislative means used by American municipal governments in the control of retail trade. No further analysis of them is necessary at this point.

ADMINISTRATIVE METHODS

It is a commonplace of government that laws and ordinances never enforce themselves. No matter how strictly an ordinance is worded and no matter how perfect it is from the point of view of constitutionality, without the administrative and judicial devices of government, all legislative enactments would be in vain.

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[10] Limited space makes it impossible to discuss these municipal advisory services.

Considerable space should be given to the subject of administrative methods, which might be defined as all those devices set up for the purpose of preventing violations of laws and ordinances, as distinguished from judicial devices, which are set up for the purpose of punishing such violations, and/or removing the violators from the community.

A discussion of administrative mechanisms and devices follows:

Licenses and Permits

A municipal license or permit is a right or privilege to carry on a business or to perform an act or a series of acts which, without such license or permit, would be illegal. It is issued by a municipal corporation acting as agent for the state and by virtue of police power delegated to it by the state.

The two terms *license* and *permit* are generally regarded as synonymous in many states, while in others there is some tendency to confine the term *license* to the privilege of carrying on a continuing business or occupation, and to use the term *permit* in connection with: (a) privileges granted to perform specific acts such as erecting a building or conducting a procession on the streets; (b) privileges granted for a continuing period of time which are not directly connected with business enterprises or professions, such as permits for tanks on roofs or vaults under alleys; and (c) specific privileges granted for a business enterprise or profession, involving physical changes which might affect public welfare, such as a permit to display goods on the sidewalk, a permit to sell deadly weapons, a permit to install elevators, or a permit to take water from the city water system.

Even though there is this general tendency to regard *licenses* and *permits* as synonymous, yet there is a distinction between a privilege which brings a business into legal existence, which is usually called a *license,* and all these other forms of privileges not connected with bringing a business or a right to engage in a profession into existence, most of which are called *permits.* But it is clearly impossible to draw a sharp line of distinction between the two terms.

Licensing is the basic administrative device of municipal control over retail business, because it alone gives legal existence. Without this privilege granted by a municipality, a business cannot carry on. For this reason, the mere nonapproval of a license acts as an administrative device in order to attain conformity with municipal ordinances before a license is granted.

The social purpose of a municipal license (or permit, if used in this sense) is to confer a right or privilege upon the licensee which does not exist without it. The social purpose of an ordinance authorizing such licenses or permits is to regulate and control the business enterprises, professions, and others granted such privileges, for the general good of the community and in harmony with public welfare. The power of a municipality to require and issue licenses and permits arises solely from its grant of police power delegated to it by the state.

Mention should be made here of the importance of the devices of revocation and suspension of licenses. Whereas the issuance of a license is largely a formality, the withdrawal of a license, either temporarily or permanently, is the real whip-hand of control in this field. Many violations of municipal ordinances are stopped at their very beginning by these devices.

Mention should also be made of the usefulness of registration plates and numbers in order to identify licensees in any cases where doubt might arise as to their authorization to engage in business. The great majority of licenses are accompanied by such registration numbers and tickets or plates.

License Fees and Permit Fees

In connection with a license or permit granted by a municipal corporation, there is usually imposed and collected a fee sometimes called a *license tax* or *occupation tax*, although some states have ruled that a license fee is not a tax in the strict sense of the word. Furthermore, a license fee is quite distinct from an inspection fee which will be discussed later in the present chapter.

Municipal license fees, regardless of their inseparable connection with the strictly police function of licensing, actually constitute a portion of municipal revenue which is part of the very vital problem of keeping the city budget balanced and, for that reason, such fees tend to be considered by city officials as taxes for revenue. In cities where taxing power for revenue purposes has not been delegated to the municipality by the state, such fees are explained as an exercise of police power, but in municipalities which have been granted both police power and taxing power, they are explained on either one or both grounds. If a city, by its charter from the state, has been delegated both taxing power for purposes of city revenue, and police power for purposes of regulation of business, it has a double authorization to collect license fees.[11] However, it must be remembered, that in contemplation of law, the right of a city to enact and enforce license ordinances and to impose and collect license fees is only a delegated power given it by the state, and that the state legislature has the right, by a later act, to divest a municipality of these powers delegated to it and to impose license taxes and resume the exercise of the power itself, or it may, by legislative enactment, limit or modify the municipality's power; and in any case the municipality is obligated to carry out the provisions of the state legislature because, as agent of the state, it must enforce its delegated police powers as required by the state.

Inspections

Inspection is one of the most effective devices for the control and regulation of retail trade under the police power. This is fundamentally a state function because of its vital importance to public welfare, but it has been recognized in most states as a proper subject for delegation to municipal corporations where necessary and convenient, and where the imposition of this police function upon the municipality will aid in promoting the general welfare.

An inspection is a checking up to see that standards of quality and quantity, specified by statute or ordinance, are being complied with. It is a careful and detailed examination of certain articles entering into commerce and trade, and of the successive processes used in their manufacture, for the purpose of declaring them fit or suitable for retail sale to the public, thereby protecting the community against fraud and imposition and promoting the public health, safety, and welfare.

In addition to protecting the public in the interest of public welfare, inspection laws and ordinances also have a further purpose and design which is the protection of manufacturers and retailers against unfounded and unfair claims and lawsuits by consumers.

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[11] Where a city is authorized to license all lawful kinds of businesses for regulative and revenue purposes, and the city council passes an ordinance forbidding auction sales except by duly licensed auctioneers, and fixes the license fee for auction sales of stocks of merchandise, dress goods, jewelry, etc., at twenty-five dollars a day, payable in advance, although such ordinance is unreasonable and therefore cannot be sustained under the city's power to "regulate" the business of auctioneers, it is nevertheless within the city's taxing power.—Stull v. DeMattos, 23 Wash. 71; 62 P 451; 51 LRA 892; DIFF, pp. 178-179, Vol. 37.

The commodities most commonly subject to state and municipal inspection are foods, drugs, coal and coke, fertilizers, flour, grain, hay, hides, liquors, lumber, meats, milk, naval stores, oil, gasoline, tea, tobacco. Many other items are also subject to inspection in certain states.

The desirability of the policing device of inspection is in evidence throughout the entire productive and marketing process from the original producer of raw materials through the various successive stages of manufacture and, finally, at the stage where commodities arrive on the shelves of retailers for their ultimate sale to individual purchasers. Inspection is especially necessary in connection with foods and drugs.

In most states the power of appointing inspectors is a power of the state legislature which may be delegated to a municipal corporation or to the mayors or other executive officers of cities, or to boards of health or other local boards.

If inspections were limited only to use by municipal corporations in their direct control of retail trade, this device could not reach its maximum effectiveness, for the most practicable way to insure high standards of quality in retail goods is to inspect all the important consecutive processes through which the goods pass, beginning with the original sources. Thus, milk must be inspected not only as it is delivered to homes, but also at the dairy farms. A municipality may usually obtain whatever inspectional coöperation is needed from its state government or other state governments, in order to insure standards of quality, even though the items are produced at considerable distances from the city.

Inspection Fees

In connection with inspections, a reasonable inspection fee may be, and usually is, imposed for the purpose of defraying the costs of inspection and, under such circumstances, such a fee is not legally construed as a tax.

Ratings

An effective device used by many cities for the purpose of complying with municipal regulations is that of ratings. Several types of retail establishments, such as meat markets, grocery stores, and soda fountains, are particularly adaptable for the use of rating sheets.[12] A series of merits and demerits or percentage grades may be calculated from a selected list of points, such as: soiled floor behind counter, soiled counter, dirty containers, poor dishwashing facilities, improper disposal of solid waste, improperly sterilized drinking vessels, exposed syrups, preserves, and whipped cream, lack of protection of foods from dust and flies, lack of proper refrigeration, soiled clothing worn by salespersons, soiled hands, carelessness of salespersons.

With an adequate number and the right type of inspectors, these devices of ratings are very valuable in making municipal regulations effective.

Required Reports

Another device of control is that of required reports. This device is effective in reducing some of the expense of inspections. Grocery stores, drug stores, delicatessens, and many other types of stores can be required to prepare and send in periodic reports as to their compliance with the city regulations, with the understanding that at unannounced times, inspectors will come into their places of business to check up on them and to see whether their reports are truthfully made out.

Investigations, Advisory Procedures, Warnings, Orders

Even more effective than ratings and required reports is the device of investigations. When a particular retail store has been notoriously negligent in its compliance with city regulations, the offenders may still be saved from court action by the device of a thorough investigation, if such an investigation is carried on in a legitimate manner.

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[12] See Trull, Edna, The Administration of Regulatory Inspectional Services in American Cities, Chicago, Public Administration Service, 1932, pp. 48, 49, 53, for sample rating sheets used for meat markets (San Jose, California), soda fountains (Hagerstown, Maryland), and barber shops (Hagerstown, Maryland).

Investigations may then be followed by advisory procedures or by warnings and, finally, by formal orders to secure the desired compliance. If all these fail to get the desired compliance, the next step is to hale the offenders into court and subject them to the devices of judicial control.

DEVICES OF JUDICIAL CONTROL

It is possible in the space available to include only a brief analysis of judicial devices of control. The judicial devices here mentioned are: summonses, arrests, prosecutions, trials, convictions, fines, imprisonment.

All of these are obviously devices of punishment. Their ultimate objective is, however, not merely to punish, but to prevent the recurrence of violations in the future by the offenders.

In a typical American city there are several different kinds of courts, such as justice-of-the-peace courts, magistrates' courts, traffic courts, and others. Because of this wide variety, it is extremely difficult to give an adequate picture of judicial control in most cities.

On the other hand, there is a municipal court in the city of Chicago with thirty-seven justices, in which practically all of these various kinds of courts are merged into one, so that a study of the Chicago municipal court gives a very interesting picture of judicial control of retail trade in the second largest American city.

In this court each justice specializes in a particular type of case and, as a result of this specialization, practically all cases of violations of city ordinances governing retail trade come under the jurisdiction of only two or three out of the total of thirty-seven justices. In Table VIII the estimated amount of time given by the court to violations of these ordinances is shown.

The Chicago municipal court is unique in that it is the largest single court in the world, handling as it does more cases and a greater variety of cases than any other similar court.

TAXING POWER

In the field of municipal control of retail trade, taxing power is next in importance to police power. The term, taxing power, has different meanings in different states. In some states a license fee is not considered a tax, while in other states there is no distinction between taxes and fees. Since the subject of municipal taxes, (including real estate taxes, personal property taxes, sales taxes, and others) is treated at great length in a considerable number of writings on the subject, it will not be discussed here.

MUNICIPAL COMPETITION

A very effective device of municipal control of retail trade is that of municipal competition. Independent of ordinances and police powers, some cities have gone into the business of retail selling, not with an idea of profit, but primarily to bring prices down for the benefit of their citizens.

MUNICIPAL COMPETITION IN MILWAUKEE

A considerable number of American cities have tried this device at various times, but the city which has accomplished the most along this line is Milwaukee, which, during the period from 1917 to 1921, sold over $400,000 worth of goods at retail.

The entrance of the city into this field began in 1917 in connection with the local council of defense, partly to protect the families of soldiers in the war during a period of rising prices. The *Milwaukee Sentinel* of December 29, 1918, summarizes the results up to that

TABLE VIII

ESTIMATED AMOUNT OF TIME GIVEN BY THE CHICAGO MUNICIPAL COURT TO VIOLATIONS OF CITY ORDINANCES GOVERNING RETAIL TRADE IN THE CITY OF CHICAGO[1]

Violations of City Ordinances Governing Particular Businesses	Estimated Amount of Time of the Court Required for Such Violations
Violations of the ordinance governing auctions and auctioneers	2 days a year
Automobile dealers, used car dealers, and gasoline stations	½ day a week
Junk dealers	4 days a year
Second-hand stores	2 days a year
Lumber yards and ice dealers	1 day a year
Druggists	1 day a year
Liquor stores, including saloons and drug stores selling liquor	1 day a week
For false weights and measures, coal short weight, pure food law violations and violations of ordinances governing meat markets[2]	1 day a week
For violations of milk code	½ day a month
For violations of zoning, city planning, building codes, electrical, elevator, plumbing, water, sewer, and other engineering codes	1 day a week
For violations of traffic codes for movement of goods over streets and code for use of streets and alleys	½ day a month in the traffic court
Violations of laws protecting employees	2 days a month
Violations of city codes regulating minor highway privileges and outdoor advertising	1½ days a month
One judge of the municipal court gives about all his time to personal property tax cases against small retail stores	(300 days a year)
Shop lifting cases	
Driveways across sidewalks	½ day a year

[1] Tentative estimate by Judge Eugene Holland of the Chicago Municipal Court.

[2] "From April to November 17, 1931, the amount of fines paid by shortweight dealers in the city of Chicago was over $7000." From speech of Deputy Sealer Frank W. Stinson of Chicago, before the Illinois Weights and Measures Convention at Springfield, Illinois, November 17, 1931.

time, which were confined to the selling of fish and potatoes. The city worked in coöperation with the State Conservation Commission which seined Lake Michigan for fish and sold them to the city. The city, in turn, retailed the fish at about six cents a pound while the ordinary price of fish in retail stores was about twenty-five cents. On one day, 12,000 pounds of fish were sold by the city before nine o'clock in the morning. As a result of this venture, retail prices soon came down to lower levels.

Shortly after the city had embarked in the fish business, Mayor Daniel W. Hoan noticed that a few Milwaukee firms had apparently monopolized the potato market so that potatoes were retailing at about $4.00 a bushel, or $1.25 a peck. The mayor then bought several carloads of potatoes and started selling them at approximately 75 to 85 cents a peck, and soon brought retail prices down all over the city.

In these ventures, the mayor priced the goods to be sold so that the profit should be about 10 per cent on the approximate cost of goods sold.

After the close of the World War, the city of Milwaukee also entered the field of selling surplus military supplies. None of the municipal marketing ventures was ever conducted at a loss.

When the depression came in 1921, the city ceased all sales at lower prices because at that time prices were low enough, and many retailers in Milwaukee were having difficulties.

EFFECTIVENESS OF THIS DEVICE

Most cities have never used this device of municipal competition to force lower prices, but there is no question as to its effectiveness. Statutes and ordinances can have little effect on demand and supply, but if the mayor of a city can go into the market and control a large supply of retail goods, he can effectively bring prices to lower levels.

In a time of severe competition among retailers, such as a depression period, the mark-up on food prices is usually small, so that there is little advantage in a city's trying to force them lower. In a depression period there is also the risk that the city officials may lose money on the venture, which will reflect unfavorably against them.

The total of more than $400,000 worth of goods sold by the mayor of Milwaukee from 1917 to 1921, for purposes of controlling retail prices, may seem small in comparison with the total retail sales in the city ($353,894,370 in 1929 and $178,740,000 in 1933), but the real test is not the volume of such sales. Milwaukee, it is claimed, engaged in each of these selling activities only just as far as was found necessary to keep prices of the necessities of life at reasonably low levels.

It is apparent, of course, that direct municipal competition may be subject to grave abuses and under bad management may be used for improper political ends.

CHAPTER SIX

Conclusions

As a result of the present study, a tentative set of conclusions has been formulated and may be set forth as follows:

1. American cities have enacted some one hundred different kinds of ordinances for the purpose of controlling retail trade in commodities, but in each of the approximately one hundred types, there are a great many varieties. It is difficult to find any two cities with ordinances of any one type which are exactly alike.

2. The present study is a preliminary survey of all these ordinances in the belief that such a survey will be of value to city officials, retail merchants, and students of municipal government, for purposes of further study and for formulating principles.

3. Taking the list of 120 activities of retailing into consideration, it is found that only about thirty of them are subject to municipal ordinances, but that no particular city has ordinances to control more than twenty of them.

4. Of the approximately thirty retail trade activities which can be more or less controlled by city ordinances, most of them are of minor importance.

5. Of the list of 120 retail trade activities, about half of them are not typically subject to any form of government control in the United States.

6. In interviewing a considerable number of retail merchants while the study was in progress, it was found that most of them, at first, could think of very few ways in which municipal government controls their retail sales. It was found that most merchants give all their thought and attention to only about twenty or thirty elements of marketing activity.

7. A study of all of the various types of municipal ordinances to control retail trade leads to no final formulation as to

what should be the correct ordinances. Each particular type of municipal ordinance and its variations from city to city and from state to state, merely indicate the existence of a problem of municipal control of retailing toward the solution of which varying degrees of progress have been made.

8. Practically all the ordinances studied were enacted in the exercise of municipal police power to regulate retail trade for the general health, safety, and comfort of the public.

9. Policing retail trade in the public interest and levying license taxes for purposes of municipal income, are two distinct municipal activities. The former is direct control while the latter is an incidental form of control. Yet, some types of nuisance businesses are controlled by heavy fees which, although ordinarily called "license taxes", are sometimes of the nature of periodic penalties.

10. The levying or assessment of taxes is a different municipal activity from the collection of taxes. Both of these tax activities are economically distinct from the collection of license fees, although in some states all three activities are legally construed to be one and the same.

11. Of the several general theories of municipal license fees, the most logical is that which registers all types of retail business, yet levies a minimum nominal license fee; except in cases of obvious nuisance businesses, which may well be assessed heavy license fees as devices of control.

12. On the basis of the United States Census of Distribution, it was found that out of a list of some eighty different classifications of retail stores, about half as to types and about half as to volume of sales are typically subject to specially enacted policing ordinances.

13. The other half, as to number of types and volume of sales, are found to be typically not subject to specially enacted policing ordinances.

14. Even though specially enacted policing ordinances for particular types of businesses can be found in a great many cities, very few cities have more than a score of such ordinances.

15. In most states the regulation of weights and measures by cities is under state supervision, but in a few states the only direct regulation (except in the case of state regulation of gasoline stations) is by means of municipal ordinances and inspections.

16. In such states there is a misunderstanding of the delegation of police power by the state to the municipal corporation. All police power where delegated to a city should be mandatory and never a discretionary power. States should exercise more administrative supervision over municipal corporations and should check up to see that they use the police powers delegated to them for the proper control of retail trade.

17. Of the municipal ordinances which have been sponsored by trade groups, as listed in Chapter Four, there are some twenty-five ordinances which might well be used by all American cities with such minor adjustments as are required to meet local conditions.

18. This does not mean that even, as regards one type of ordinance, a model ordinance can be formulated for all cities of the entire nation. It does indicate, however, that there are certain universal fields of control in which the American retail business world has found it better to have such municipal ordinances than not to have them.

19. Municipal control of retail trade is only one section of the larger subject of government control of business, but from the point of view of the majority of our population, the customers of retail stores, it is the most important part.

20. Municipal control of retail trade

is fundamentally a control of motion which includes movement of goods, customers, and communications over city streets and sidewalks.

THE ULTIMATE PURPOSE OF GOVERNMENT CONTROL OF RETAILING

The most pressing activity of the average American household is making a living. Most of the elements of a living are purchased in retail stores. When local government enacts ordinances to regulate and control retail trade and establishes administrative devices to enforce them, it is regulating and controlling the distribution of the elements of livelihood to each of its households and individuals.

Household welfare is, consequently, closely connected with local government. A well administered local government can give its individual families low taxes, high quality of food and low prices, while a badly administered government may impose heavy burdens of high taxes and, through laxity in control of retail distribution, cause its people to pay high prices for low quality of commodities.

Thus, local control of retail trade is vital and important—much more vital than some of the abstractions of federal and state control. Municipal control and other forms of local control are actual and continuous; federal and state control, while undeniably real and ever-existent, are more remote and largely potential. Local control is a daily, hourly, and minute-by-minute happening, while federal and state control are more intermittent.

APPENDICES

Since the present study is predominantly a study of ordinances, it seems desirable, even in the limited space of the present summary, to present a few model ordinances as examples.

Three are shown here as follows:

Appendix A. The New York Model Ordinance for Awnings.

Appendix B. The New York Model Ordinance for Display of Merchandise on Sidewalks.

Appendix C. The Jersey City Ordinance Prohibiting Distribution of Circulars, Handbills, etc.

In the later, more comprehensive study of this subject, it is planned to include model and sample ordinances for all of the list of ordinances in Chapter Four, recommended for adoption in all American cities.

APPENDIX A

Model Ordinance to Regulate the Construction and Maintenance of Awnings over Sidewalks or Other Public Places

Prepared by the
New York State Bureau of Municipal Information
December 11, 1923

COMMITTEE REPORT

To the New York State Conference of Mayors and Other City Officials:

The undersigned committee, appointed to prepare a Model Awning Ordinance, begs to submit the following report:

After studying ordinances now in effect in American cities and court decisions about the municipal regulations of awnings, we have prepared an ordinance which we believe will effectively regulate the construction and maintenance of awnings over sidewalks or other public places in any city in New York State. Attached is a copy of the ordinance.

WALTER N. GILL,
Corporation Counsel, Kingston
FRANCIS H. CAMERON,
City Attorney, Hornell
CHARLES C. CLARK,
Corporation Counsel, Long Beach

An Ordinance to Regulate the Construction and Maintenance of Awnings Over Sidewalks or Other Public Places in the City of ———

The city of ——— in Common Council convened, ordains as follows:

Section 1. *Definitions.* The term "person" as used in this ordinance shall mean and include one or more persons of either sex, natural persons, corporations, partnerships, associations, joint stock companies, societies and all other entities of any kind capable of being sued.

Section 2. *Kind of Awnings Permitted.* No person shall hereafter erect or maintain any awning of any material except cloth or canvas over any sidewalk or other public place in the city of ———, except as hereinafter provided.

Section 3. *Location of Awnings.* All awnings of cloth or canvas, except temporary awnings as hereinafter provided for, hereafter constructed or maintained over any sidewalk or other public place shall be elevated at least six feet six inches at the lowest part thereof above the surface of the sidewalk and shall not project more than ——— feet beyond the building line and in no event beyond the curb. All such awnings shall be supported without posts by iron brackets or by iron frames attached to the building so as at all times to be safe and leave the sidewalk wholly unobstructed thereby, and so as to be lowered and raised with safety and convenience.

Section 4. *Removal of Awnings.* All awnings heretofore erected or constructed and operated in a manner different than that specified in this ordinance shall be removed by the owner, agent or person in possession or control of the building or part thereof to which such awning is attached, within five days after notice so to do from the ———.

Section 5. *Temporary Awnings.* Awnings without side curtains may be, from time to time, erected and maintained across the sidewalk of any street for temporary use, as a protection during inclement weather only; provided, however, that such awning shall be made of canvas or cloth and shall be supported by upright posts of iron not exceeding two inches in diameter and not less than eight feet or more than ten feet in height above the sidewalk and shall not be wider than the entrance of the building in connection with which it is to be used. Awnings with side curtains may be erected for a limited time upon issuance of a special permit by the ———.

Section 6. *General Regulations.* Every owner or occupant of any building shall at all times keep the awning in front of such building free from ice, snow, dirt or other obstructions. Merchandise or other obstructions shall not be suspended from any awning over any sidewalk.

No awning of wood shall be erected or maintained so as to project over any sidewalk or other public place, and no awning of glass or metal shall be so erected or maintained without the consent of the ———.

Section 7. *Penalties.* Any person who shall violate any of the provisions of this ordinance or refuse or neglect to comply with any order made thereunder, shall, upon conviction, be punished by a fine of not less than $ or more than $ and each day upon which such violation continues shall constitute a separate offense.

Section 8. Any ordinance or part of an ordinance inconsistent with the provisions of this ordinance is hereby repealed.

Section 9. This ordinance shall take effect ———.

APPENDIX B

MODEL ORDINANCE REGULATING USE OF SIDEWALKS FOR MERCHANDISE

Prepared by the
NEW YORK STATE BUREAU OF MUNICIPAL INFORMATION
October 7, 1930

COMMITTEE REPORT

To the New York State Conference of Mayors and Other Municipal Officials:

We herewith submit a model ordinance to regulate the use of sidewalks for merchandise and other materials which we, with the aid of the State Bureau of Municipal Information, have prepared upon your request.

Our study of ordinances upon this subject and in effect in American cities revealed the fact that some municipalities absolutely prohibit merchandise on sidewalks under all conditions, others permit a limited storage on a certain portion of the sidewalk but prohibit exhibition for sale, and still others permit limited storage and exhibition within a limited space. A few limit the regulation adopted to certain streets or sections. We have therefore prepared the model so that it may be used to produce any degree of regulation desired.

Respectfully submitted,

J. SAMUEL FOWLER,
Corporation Counsel, Jamestown
PATRICK J. ROONEY,
Corporation Counsel, New Rochelle
VICTOR F. BOIRE,
Corporation Counsel, Plattsburgh

* * *

An Ordinance Regulating the Use of Sidewalks for Merchandise and Other Materials in the City (Village) of ————

The city of ————, in Common Council convened, ordains as follows:

Section 1. *Use of Sidewalks.* It shall be unlawful for any person to store, pile, deposit, erect, keep or place, or cause, permit or suffer to be stored, piled, deposited, erected, kept or placed upon any sidewalk in the city (village) of ———— any rubbish, wood, coal, boxes, barrels, stone, brick, lumber, dirt, merchandise, shipping case, stand, stall, booth or show case or other obstruction of any kind, except as herein or otherwise provided by law or ordinance.

Section 2. *Use of Sidewalks for Display of Merchandise.* It shall be lawful for any person, during the time his store or building is open for business, to place or set out for exhibition any goods, wares or merchandise directly connected with the business transacted by him, on the sidewalk in front of a place of business, store, or building owned, controlled or occupied by him for a distance of only ———— feet (usually from eighteen inches to four feet) of such store or building, and not to exceed a height of more than ———— feet (usually four feet) from the level of the pavement. All foodstuffs when displayed as above provided shall be at least two feet above the level of the sidewalk and properly protected from flies, dust, and dirt.

Section 3. *Receiving or Delivering Goods.* It shall be lawful for any person to place or keep any goods, wares, merchandise, baggage or any articles of personal property which he may be receiving or delivering, and to unpack and remove the contents of any box, barrel, or other receptacle, only on that part of any sidewalk next to the curb line not exceeding four feet in width and in front only of the store or building he owns, controls, or occupies, but such goods, wares or merchandise shall not remain on such part of the sidewalk for a longer period than two hours or at night, on Sunday or any legal holiday.

Section 4. *Suspending Merchandise in Streets.* It shall be unlawful for any person to hang out or suspend over any street any goods, wares or merchandise in front of his store, house or other building at a greater distance therefrom than ———— feet (usually eighteen inches to four feet) or at a greater height than four feet from the level of the sidewalk. All such articles so hung or suspended must be so fastened as not to swing over the street or sidewalk beyond the said ———— feet.

Section 5. *Exposing Merchandise from Balcony.* It shall be unlawful for any person to place or expose or cause, permit, or suffer to be placed or exposed to show or for sale any goods, wares, or merchandise upon or from any balcony.

Section 6. *Carcass Hanging Over Sidewalks.* It shall be unlawful for any person to hang up or keep or to cause, permit, or suffer to be hung up or kept the carcass of any animal, except fish and poultry, or any part thereof, for exhibition or sale, or any purpose in, upon, or over any sidewalk.

Section 7. *Receiving Merchandise Through Openings in Streets.* It shall be unlawful for any person to receive or deliver or to cause or permit to be received or delivered any goods, wares, or merchandise through any trap or opening in or upon any street or sidewalk between the hours of ———— of any day.

Section 8. *Construction of Ordinance.* (1) Nothing contained in this ordinance shall be construed to prevent the moving of goods, wares, and merchandise across any sidewalk in the way of trade or for the use of families.

(2) Nothing herein contained shall be construed as giving authority to any owner or occupant of any premise to let, sub-let, rent,

lease, or grant any of the sidewalk space for business stands of any kind or for any purpose whatsoever; and any person so found doing business may be summarily removed by the ——— and be deemed a violator of this ordinance.

(If it is desired to prohibit all use of the sidewalk except for the limited storage of goods to be delivered only the following section is necessary.)

Section 1. *Use of Sidewalks.* It shall be unlawful for any person to leave or deposit or cause or permit to be left or deposited any goods, wares, and merchandise upon any sidewalk, except such articles may be deposited inside and within four feet of the curb and not piled to a greater height than four feet, for not more than two hours while receiving the same in original packages or when in packages for delivery after actual sale thereof.

(If it is desired to prohibit all storage and exhibition on sidewalks, only the following section is necessary.)

Section 1. *Use of Sidewalks.* It shall be unlawful for any person to erect or maintain or cause or permit to be erected or maintained on any sidewalk in the city (village) of ——— any bench, table, showcase or other structure for the display of goods, wares or merchandise, or to set or place or cause or permit to be set or placed any goods, wares, or merchandise or other articles, by way of exposing the same for sale or otherwise upon or over any sidewalk or public place; provided, however, that this section shall not be construed to prohibit merchants and others from the free use of the sidewalks and public places in common with others in conveying merchandise and other property to and from their stores and places of business while engaged in receiving or delivering the same.

Section 9. *Definition.* The word "person" when used in this ordinance, shall mean and include one or more persons of either sex, natural persons, corporations, partnerships, associations, joint stock companies, societies and all other entities of any kind capable of being sued.

Section 10. *Penalty.* Any person who himself, or itself, or by his or its agent or employee, shall violate any of the provisions of this ordinance, shall, upon conviction thereof, be subject to a fine of not less than $—— or more than $—— or to imprisonment, for not less than —— or more than ——, or to both such fine and imprisonment, and each day on which such violation continues shall constitute a separate offense.

Section 11. All ordinances or parts of ordinances in conflict with this ordinance are hereby repealed.

Section 12. This ordinance shall take effect ———.

APPENDIX C

AN ORDINANCE to regulate the distribution of newspapers, papers, periodicals, books, magazines, circulars, cards and pamphlets.

The Board of Commissioners of the Mayor and Aldermen of Jersey City do ordain:

1. No person shall distribute or cause to be distributed or strewn about any street or public place any newspaper, paper, periodical, book, magazine, circular, card or pamphlet.

2. No person shall distribute or cause to be distributed to the occupants of any house, place or cause to be placed into any areaway, in front of, or along the side of any house, or upon the doorstep thereof any newspaper, paper, periodical, book, magazine, circular, card or pamphlet, unless the same has been previously ordered by the person in actual occupation of the house, in the areaway of which, in front of which, or along the side or doorstep of which said newspaper, paper, periodical, book, magazine, circular, card or pamphlet shall be distributed or placed.

3. Any person violating or causing to be violated, or consenting to, or permitting the violation of any of the provisions of this ordinance shall, upon conviction thereof, be liable or subject to a fine of not exceeding ten ($10.00) dollars, or imprisonment for a period of not exceeding ten (10) days in the city prison or the county jail, in accordance with the statutes in such cases made and provided, or both, for the first offense, and a fine of twenty-

five ($25.00) dollars or imprisonment not exceeding thirty (30) days, or both, for each and every subsequent offense.

4. Any complaint regarding the violation of any of the provisions of this ordinance shall be cognizable before the police courts of this city.

5. This ordinance shall take effect immediately.

MICHAEL I. FAGEN
WM. B. QUINN
JOHN SAUL
A. HARRY MOORE
FRANK HAGUE
Commissioners

Passed: January 22, 1924.

EDWARD J. HOLLAND
City Clerk

APPENDIX D

Selected Bibliography

The following list of books, articles, bulletins, and other materials on subjects relating to municipal control of retail trade has been compiled for the convenience of readers.

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